**Part II - Chapter 03: Organizational Case Studies**

*Mike Green*. [**Change Management Masterclass : a Step by Step Guide to Successful Change Management.**](http://proquest.umi.com/pqdweb?RQT=318&pmid=122424&TS=1324347192&clientId=29440&VInst=PROD&VName=PQD&VType=PQD). London: [2007](http://proquest.umi.com/pqdweb?RQT=572&VType=PQD&VName=PQD&VInst=PROD&pmid=122424&pcid=52162351&SrchMode=3). pg. 59, 87 pgs

**Abstract (Summary)**

The author tracked the management of change in seven organizations. There was a mixture of large and small organization. There was a mixture of public and private sector, and some in-between, organizations. There was a variety of leadership styles and a variety of change approaches adopted.

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| **Full Text** (30224  words) |

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Introduction

Over the course of the last two years I tracked the management of change in seven organizations:

\* the organizations were managing change relatively well;

\* there was a mixture of large and small organizations;

\* there was a mixture of public and private sector and some in between;

\* there was a variety of changes being managed including a large scale global information system rollout, a Europe-wide restructure, a merger, a culture change, a start up and operational performance improvement;

\* there was a variety of leadership styles; and

\* there was a variety of change approaches adopted.

The organizations and their orientations

\* Aster Group is a registered social landlord, very successful and expanding fast.

\* The Institute of Public Health in Ireland was set up as a result of the Good Friday Agreement to foster better cross-border working on health matters.

\* Biogen Idee is a global biotechnology company.

\* The British Council has a worldwide presence in over 100 countries promoting education, development and the fostering of relationships between the UK and the rest of the world.

\* The County of Aarhus is the largest county in Denmark, serving over 600,000 people, and has an innovative approach to managing change.

\* A small entrepreneurial kitchenware company that has doubled turnover and increased profitability six-fold in six years.

\* A primary school that has transformed itself into a highly effective school.

\* A medium-sized financial services organization seeking internal realignment through restructuring.

Drawing in on ideas from the last chapter there follows a brief summary of how each organization oriented itself.

Aster Group

For Aster there were a number of internal and external drivers for change which shaped the future orientation. There was the move away from the local government culture and mindset towards a more entrepreneurial one; the untimely death of the Chief Executive; the significantly increasing competition in the sector; a continuing housing crisis in the UK with not enough new and affordable houses; and the Housing Corporation's decision to restrict the number of housing associations it did business with.

These factors led Aster to appoint a new chief executive who would meet these challenges and develop a strategy based on growth, building houses and securing efficiencies of service and economies of scale as it went. This was all underpinned by the need to create a culture that would underpin the delivery of this.

A number of growth strategies were considered but two stood out - organic growth through the acquisition of land to build new homes, and the possibility of partnering, merging or acquisition. Both needed to produce economies of scale and synergies across the organization.

This was later encapsulated in its vision - 'passion for excellence, pride in performance' - and its values: to be customer responsive; honest; open and true to their word; and fair to all.

Although quite clear about the direction, it realizes that sensitivity to the external environment is one of the key factors affecting its change process. In many senses it is operating under the organism metaphor.

The Institute of Public Health in Ireland (loPH)

The IoPH was set up as a result of the Good Friday Agreement to foster better cross-border working on health matters. The new Chief Executive had the authority to develop the Institute within quite broad parameters. Through careful and constant networking with a multitude of stakeholders the Institute developed a vision for tackling inequalities in health across Northern Ireland and the Republic of Ireland. This vision has been a critical factor in its success, and the many innovative programmes it has set up to do this suggest that its primary approach has been one of change through learning.

Biogen Idee

A key aspect for Biogen Idee in its orientation was its ongoing commitment to constantly reviewing and refreshing its global development, manufacturing and commercial capabilities in pursuit of its vision of making advances in human healthcare. It was uncompromising in its challenge of existing processes and practices and therefore didn't shirk from asking the tough questions of whether or not its European structure and way of doing business was fit for purpose. If it was challenging in this respect it was also very clear in adhering to its core values in making those challenges and subsequent decisions - quality, integrity, honesty and team as a source of strength being paramount. So the combination of having a clear vision about excellence in its field coupled with an emerging dissatisfaction with the status quo led it to start a review process into its European structure, which was the first practical step on the road to change. The approach that Biogen Idee took was a relatively planned one, given that the nature of the change was one of restructuring, which had a number of employment law implications. Having said that, the process was well planned and structured, but the solutions (moving its European HQ and the setting up of a number of centres of excellence) emerged from the process.

The British Council

The British Council's change originated from a strategic review. The review revealed the need to design and install a new information system throughout the UK and the rest of its global operations. This review had identified a number of internal and external drivers for change which impacted on the Council and moved the thinking towards an integrated system that would reduce costs, enable open data flow across all parts of the organization and allow decisions to be made at a local level in a competitive environment around the world. There was also a felt need within the organization for these changes to happen as staff wanted to provide a service to clients and customers without relying on old systems that didn't communicate. Culturally the Council also tried to engender openness of communication, customer service and a learning environment. There was dissatisfaction with the way the systems created a feeling of separate businesses and functional silos. In addition to these changes linking directly to the new vision and strategy there were clear outcomes required:

\* total organizational information and communication integration;

\* the breaking down of functional and departmental barriers;

\* the same consistent real time information for all areas; and

\* the capability to analyse data in a variety of critical ways, for example, budgets could be viewed at any sector, unit, country or regional level.

The County of Aarhus

In Aarhus the organizational change was contained within the county's organizational model. The model created a common language and frame of reference; it established the links between different parts of the organization and the decision-making process; and it clearly articulated the county's political goals. The model laid out very clearly the underpinning values and their behavioural indicators that any management of change needed to abide by, namely dialogue, openness, respect, willingness to develop, commitment and credibility. So, change in Aarhus was driven by a negotiation through dialogue between the citizens, their political representatives, the end users and the professional staff. Change management would be done through a process involving openness, transparency, mutual respect and dialogue.

The vision translated into providing a high level of professional care in a coherent and integrated fashion. The main driver for change was the mismatch between a structure based on professional lines and one which had the end user in mind.

The kitchenware company

The kitchenware company, which was purchased by two entrepreneurs, wasn't punching its weight in the market. It had poor product lines, a bad customer fulfilment reputation, high central overheads and demotivated staff. These drivers coupled with the enthusiasm of the new owners led to radical changes within the company. Focusing primarily on customers the company recognized it needed to refresh its product lines, change its fulfilment practices, but above all focus on the customers and their needs. The change approach was one of top down but emergent as different opportunities presented themselves over the course of a number of years.

The primary school

The primary school had clear internal and external drivers for change in that, although performing satisfactorily, there was a real danger of becoming complacent and performance easing off. These drivers for change, the appointment of a new head with new ideas and the parents' successful campaign to get a new school all helped shape the nature and the direction of change.

The head began to address the current state of the school as part of the health of the whole community system. By seeing the school as one subsystem of the community she realized that all stakeholders needed to contribute towards its overarching vision and development.

The orientation of the school therefore was conducted with strong visionary leadership from the head but tapping into the communities of interest; a vision and values-making process involving all stakeholders; and continuing to focus on business as usual as well.

The financial services company

Through a process of diversifying some of its saving and lending functions and through the acquisition of a number of smaller businesses, the financial services company had developed a transition vision that it would 'transform itself from a traditional bank into a group of confident, successful and specialist financial services businesses'.

The increases in the scope, scale and complexity of its activities had led to the need to restructure into a clearly defined group of businesses.

It was envisaged that the new group structure would better enable the bank to achieve its strategic aims in three key ways:

1. The new group structure would facilitate the management of an expanding group of distinctive businesses. It would enable the acquisition and management of a number of separate business units with minimal disruption to other parts of the group.

2. The development of distinctive business units within new group structure would enhance individual business unit competitiveness. This would result from increased focus and commitment from all business unit management and staff to the delivery of the business unit customer propositions and achievement of competitive advantage.

3. In addition to improving the effectiveness of the management of the group business activities, the new group structure would facilitate the effective management by the group CEO of the relationship with its overseas parent and other relevant external relationships (Bank of England, the City, etc).

Aster Group

Introduction

The Aster Group is a thriving group of companies providing homes and housing-related services in central Southern and South West England. The Group has assets of over £420 million, annual turnover of over £65 million and employs over 680 staff. The operating companies own and manage over 15,000 homes and provide services to over 40,000 people.

Aster Group is one of the Housing Corporation's Lead Investors and provides development agency services to other organizations and the New Futures partnership of regional and specialist housing associations.

Aster Group operating companies have a substantial degree of operational independence but work closely together to gain maximum benefit from their combined strength and resources.

Residents and other clients play a strong role in influencing the operation, and surveys show that Aster enjoys high rates of satisfaction with the services it delivers, with around 90 per cent of tenants saying that they are very or fairly satisfied with their landlord.

The strong growth over the last three years was recognized in 2006 when Aster Group was given the 'Beacon Company' award by the South West Regional Development Agency. It is the first housing association, and one of just a few not-forprofit organizations, to have been given this award, which 'brings together some of the South West's most forward thinking and ambitious companies to promote success and spearhead the growth of the region'. This status is given to companies that can demonstrate outstanding achievement across a range of criteria. In Aster's case the rapid growth and influence of the Group was a factor in its nomination. Other companies can turn to Beacon Companies for examples of leadership and business performance.

Housing Corporation Assessment for Aster Group

Viable

The Group meets the expectations set out in the Regulatory Code in terms of financial viability.

Properly governed

The governing body gives effective leadership and control, has a wide range of skills and experience and, supported by appropriate governance and executive arrangements, is improving its own performance and that of the organization.

Properly managed

The Group generally meets the standard expected given the context in which it works and the available resources.

Development

The association demonstrates a good performance by achieving or exceeding its annual targets, maintaining good progress against targets during the year and delivering quality housing that meets our standards.

(Housing Corporation's assessment, June 2006, http: //www. housingcorp .gov.uk/)

History culture, orientation

The Aster Group's history can be traced back over a decade when Sarsen Housing Association was born out of a housing stock transfer from the Local Authority. The Local Authority Director of Housing became the new Chief Executive and a board was set up comprising four tenants, three representatives from the Council and eight independent people from the business and community.

For five years the Association focused on delivering on its original promise of improving homes to modern standards whilst keeping rents stable. Sarsen was efficient and effective in its operation. As a result it was able to begin to generate revenue surpluses in 2004, three years earlier than envisaged in the original plan. Both the board and the management then realized that they needed to develop their strategy further.

The board and the Chief Executive quickly became more entrepreneurial and began to seek out opportunities for growth and development. So, for example, during 1997 they began new initiatives - 'care and repair' for elderly people, developing new homes outside their original base and putting their toe in the water of market renting being just three. This was evolutionary change but they were beginning to be more confident of their capabilities and began to ask the more strategic question of where they might go from here.

Aster was 110th in the league table of housing associations, with 5,000 housing units. A relatively medium-sized association, to be in the top 50 it would have to grow to 10,000 units.

Sadly the Chief Executive died suddenly in November 2001, sending a shockwave through the organization. The new Chair, John Heffer, had been in place just a week. Appointing an interim Chief Executive from in-house Aster began to look for someone to lead it who was entrepreneurial, pacesetting, had a track record but who would work with its values and its staff.

One of those short-listed - Richard Kitson - wanted to know from his side whether Sarsen was ambitious, keen, prepared to take calculated risks and adventurous. A match had been made.

Richard had experience within the public sector - leading and growing a local authority housing service, and within the housing association world - managing the fastest-growing region of a well respected national association with a long history of success, including managing large numbers of staff in an operation that was noted for its efficiency and its substantial development. He also had prior industry credibility as the President of the Chartered Institute of Housing.

Sarsen entered its second transition period as it moved further away from the local authority world, shedding a rather bureaucratic culture. One of the first tasks was to create a group structure to facilitate the growth that was the emerging strategic theme. One or two senior people left, of their own accord, and this provided the opportunity to recruit senior people with an ethos of not only delivering a stable high quality housing service but also those with an eye on proactivity, seizing development opportunities and the continuous improvement of existing services together with a move towards creating innovative new products and services.

The organization turned more outward, making connections, using its networks to get business, establishing a reputation with its stakeholders and attracting new blood into the organization.

A formal new group structure was created in the autumn of 2003 and a new top team was formed with new teams underneath them. Silbury Group had been launched.

An important focus was to increase the capacity and capability across the organization. This required shifting the culture away from the traditional local government mindset. New members were recruited to the Group board, which became a blend of the old and the new, and a management development programme was launched for the top 30 managers. Individual managers and groups of staff were asked what the key organizational issues were and this in turn informed the design of the development programme.

A theme throughout this period was the relative stability of the board. There was a clear demarcation between executive management functions (the management team) and the governance (the board) and working relationships were always excellent. The board did change over time as the Group grew. It had to cope with governance issues over an ever increasing range of activities - hence one of the reasons to adopt a group structure, which enabled the different companies to be managed and have effective governance. And of course the board sought to get the requisite variety of people onto it with a mix of skills appropriate to the businesses being overseen. Interestingly the board was not committed to growth for growth's sake. In John's words, 'We are not bothered about being big but about being the best, and if growth can add to economies of scale and synergies then so much the better.'

Drivers for change

There were a number of internal and external drivers for change:

\* the continuing shift away from a local authority culture to one of an autonomous not-for-profit business;

\* the untimely death of the Chief Executive and consequential re-evaluation of strategy and need to appoint a new chief executive;

\* the Housing Association world continuing to grow with the creation of organizations receiving the housing stock of local authorities, a particular feature of South East and South West England. This change was significantly increasing competition in the sector;

\* a continuing housing crisis in the UK with house prices increasing dramatically year on year and not enough new homes being built to satisfy demand;

\* migration of older people to the South and South West of the country looking to retire with affordable housing but also the necessary services for their population group; and

\* a pivotal event was the Housing Corporation's decision to restrict the number of associations it did business with.

Rather than invest in over 350 separate organizations it decided to restrict itself to investing in around 70. Silbury had been 1 1 0th in the league so therefore needed to redouble its efforts to grow. A number of growth strategies were considered but two seemed to be paramount - the development team had been acquiring land and building new homes and was continuing to prove successful at that. But the board also began to think in terms of partnering, mergers or acquisition. They considered a number of associations informally but there were obvious reasons for not moving ahead - too different geographies, unaligned systems and processes and strategies, and different world views. However they became a preferred partner in their own right, scraping in at number 69 out of 71.

The Role of the Housing Corporation

The Housing Corporation is responsible for investing public money in housing associations which are registered with the Corporation (legally known as Registered Social Landlords) to provide homes that meet the needs set out in local and regional strategiesand, through regulation, for protecting that investment and ensuring that it provides decent homes and services for residents... to encourage innovation and good practice and to promote improved performance.

The growth agenda had been set and they started actively to seek out potential partners. They already had links with one similar sized organization and both Chief Executives, Board Chairs and Vice-Chairs had a number of informal meetings to see if there was a match. All were keen on exploring each other's philosophies and the degree of compatibility. This wasn't just six people, it was who they represented. The informal meetings became formal and then there was widespread consultation with all stakeholders - especially tenants' representatives and staff. Testway - the other association - set 20 criteria for the selection of a merger partner.

The two Chief Executives realized they needed to acknowledge that there would be winners and losers from individuals' and different teams' perspectives. This led to some tricky but open discussions - 'let's think about this and come up with an acceptable formula'.

They also agreed that a group structure would work best with a continuing fair degree of autonomy for individual businesses. All key players were involved and those people most likely affected were engaged.

As the grouping became more and more likely the meetings of necessity became more formal, but from the inception of the idea staff in both organizations were given full updates and asked to contribute their views. Managers recognized the need to disseminate information and build confidence throughout the new Group. So, when in April 2005 the grouping happened it seemed that no one really noticed - it was effected with the minimal degree of disruption. The Aster Group had taken off.

Following the successful grouping the board were becoming more and more comfortable with the decisions of the Chief Executive and fully supported him when, for example, he formed a working partnership with a black and minority ethnic housing association in an urban area - away from Aster's heartland. He also pushed for becoming one of the four strategic partners in an important sub-regional configuration of urban local authorities. Aster was bidding against national and established competition but was short-listed and successful, being described as coming with ? fresh approach and a good team'. Currently it is a major player in the region and another housing association has since joined the Group.

Leadership

Although the previous Chief Executive had led the Association out of local authority control to being a stable housing association in its own right, he had done this with a rather autocratic management style. Richard Kitson was determined to move the organization away from that. A rather coercive style - useful in some situations - can lead to a risk-averse culture and create dependency upon its leader. Creativity and innovation can also be stifled. There were elements of all of these in the previous culture.

Richard managed this transition carefully. On the one hand he relied on voices from outside to feed back to staff and managers inside what sort of leader he was; and on the other hand he engaged in regular and open conversations with staff and all managers. Naturally they were apprehensive at first but, through staff briefings, conferences, small group and individual discussions, they saw that here was a man they could trust and follow, and who was open to ways in which they could contribute to the future.

His initial style can be described as pace setting - knowing where he wants to go, having the intellectual firepower to argue his corner, encouraging people around him to participate in creating the future, leading from the front and by example and taking people with him. What was interesting was how the culture as a result shifted from one of, 'We don't normally do this' or, 'I'm not sure we can do that' to one of, 'Let's try' and, ? think we can win this contract.'

In the longer term Richard is aware that he needs to spread the leadership across the senior management more and down into the organization. His challenge is to sustain the success by becoming a leader who is primarily a facilitator or enabler and also to continue to build the leadership capacity throughout all parts of the Group. The relationship between CEO and Chairman has been a critical success factor. They share similar viewpoints and both operate on the basis of no surprises for each other. Once convinced of the other's arguments they are both willing to promote the arguments. The board seeks to challenge and test the ideas and suggestion from the management team and once satisfied that the thinking has been rigorous enough they tend to be happy for the managers to proceed.

The Aster Board mirrors the Aster GMT in that they are focused on longer term strategic issues rather than this year's bottom fine. And as such the operating businesses have considerable autonomy in terms of day-to-day operations.

No shotgun wedding

Testway had a somewhat different route to the grouping. John Spens as Chief Executive had steered the association out of local authority control just four years before, delivery of a premier housing service to its tenants being a primary aim.

For Testway the first three years after the housing stock transfer was one of finding its feet, establishing its reputation and credibility and also, in a sense, discovering its new identity. By the spring of 2003 there was some pressure for change - managers and board members were beginning to ask what was next in the strategic picture. They recognized their vulnerability due to their size. The initial impetus of the transfer had made them fully aware that they hadn't transferred out of local authority control just to stand still. They spent some time with an external adviser working out strategic options for the future. Their deliberations started by taking a long hard look at their internal capabilities and assessing the current and future market and external environment.

Through a combination of an ongoing working party and a series of board away days they developed the following options:

1. Stay as we are.

2. Stay as we are plus increased development activity.

3. Stay as we are plus increased development activity plus acquiring other local authority stock.

4. Growth through merger.

They concluded that if they could find the right partner then the fourth option was the best.

It was at this time that the Housing Corporation announced its intention to limit the number of its strategic partners (external driver) and also, following a number of performance issues, it was decided to replace its development team (internal driver). Informal links were made with the neighbouring Silbury, which offered help resourcing the development function. Continuing in that vein of cooperation, the two Chief Executives started to seriously discuss the possibility of closer working between the two associations.

The grouping criteria were agreed and both parties looked at whether there was indeed a match. The other partner needed to be:

\* of equal size (and equal partners);

\* an active developer;

\* high performing:

- upper quartile

- meeting Housing Corporation Key Performance Indicators

- low rent arrears

- efficient turn around of vacant properties

- good repairs record

- good rent collection;

\* reputable (eg with the Housing Corporation);

\* with a geography that would be different enough to avoid overlap but close enough to produce synergies;

\* financially strong;

\* with a natural synergy when it came to attributes such as stability, being a charity and having similar values.

The Testway board went through a rigorous process of analysis and assessment of the 35 or so associations within the distance specified and filtered them down to 10. A series of meetings and further appraisal reduced the possibilities down to just three or four. However, there was one clear front runner. The board were already witnessing the two CEOs working well together and trusting one another and they recognized that there was most likely a good cultural fit.

Staff and tenants were kept updated with open communication and consulted about all of the options. The grouping proposal went through the usual due diligence processes - assessing the financial, cultural, commercial and legal risks; the two Annual General Meetings; and a number of board meetings. The difficult issues were put on top of the table (not under the table!) and discussed, with a clear challenge on the tricky issues - 'What's best for the business?' The grouping was ratified. As a symbol of the beginning of the new organization and to demonstrate that it was a merger of equals a new name was given and Aster was born.

The transition period - one year on

Aster Group is now beyond the honeymoon period. At a high level there was a cultural fit - and indeed the set of espoused values are very much values in practice - but the devil will always be in the detail and differences have emerged. This is not surprising, given the somewhat different backgrounds, some different attitudes and different sets of competencies. So a period of learning how to live together was experienced. But, continuing the wedding metaphor, they decided against an exit clause or pre-nuptial agreement.

The glue in the first few months was the two Chief Executives (or rather the new Chief Executive and his Deputy Chief Executive). They kept the dialogue going as and when differences or issues emerged.

Aster's vision of 'passion for excellence, pride in performance' is encapsulated in its mission to be a leading provider of high quality affordable homes and services and to help create thriving and successful communities. Its business objectives for 2006-2009 are:

1. Achieving excellent customer and community focused services.

2. Delivering more new homes.

3. Strengthening the foundations.

4. Maintaining robust businesses.

5. Developing our people.

The Group has adopted a set of values that underpins how it operates. These are to be customer responsive, honest, open and true to their word and fair to all. Within this there is a strong emphasis in involving and responding to the needs of customers.

(Housing Corporation's assessment, June 2006, http: //www. housingcorp .gov.uk/)

On a detail level the cultures, although similar, had different emphases. There were many more similarities than differences, but where there were differences they needed to be identified and discussed and worked through to reach a common understanding and an appropriate way of working together. There were good and bad aspects to each of the cultures, but there was enough openness for people to say, 'Hang on a minute, let's talk about this'.

Also there was a difference in life stage - one had been autonomous for almost a decade, the other until quite recently had still been wrestling control away from the local authority (which found it hard to relinquish control).

A number of binding and bonding interventions have helped the different companies operate alongside each other, managing the 'what's tight - what's loose' tension between each other and the centre. An expanded management development programme has brought the senior managers together on a number of occasions and there are clear signs that a new Aster culture is emerging.

Many staff- often the managers - have embraced the change wholeheartedly and have been focused on making things happen by just doing it. Others further away from the decision-making process felt it was more like the proverbial emotional roller-coaster. The pace of change was such that on an emotional level there were a lot of feelings to deal with and on a task level there were quite a number of things that needed doing or clarifying.

Whenever a new structure is implemented there are always issues around the difficulties of managing and control - where are decisions made, where the power and authority Ue, who has clarity about roles and responsibilities.

What helped people during this time was the development and communication of a clear strategy, the reflection back of a core set of values that were role-modelled by senior mangers, a sequence of staff briefings and cascades and the establishment of an annual staff conference to celebrate success, involve and engage staff in the future direction and test out ideas.

It seems that there has been no period of consolidation - the Group grows, other partners seek to join and change continues at a similar fast pace.

Project management

Both the technical and psychological aspects of the project management of the grouping process were conducted with openness and no hidden agendas. A key question all parties returned to when there were difficult decisions to be made was, 'What's good for the business?' Staff were asked for their views and ideas about what form the partnering should take.

An external project manager was appointed who had the sponsorship of the two Chief Executives. The project manager was called in from outside for a number of reasons:

\* the project seemed too big for anyone to take ownership of and do their business as usual as well;

\* they wanted an experienced credible project manager for such a highprofile initiative; and

\* both associations welcomed an objective third party.

The project itself was run along effective best practice project management guidelines with a detailed plan of activities, all tasks having a responsible person owning it and clear reporting procedures.

A key wish was for there to be limited staff upheaval, certainly no redundancies, and indeed with the growth agenda, promotion of cross-organization staff opportunities.

Terms and conditions differed in the different parts of the Group and whilst some integration has taken place many of the differences are actually down to the varied levels of maturity and development of the businesses and the fact that the same set of policies and procedures wouldn't necessarily fit across the whole. There no doubt will be convergence over time if appropriate. Part of the process is defining what is tight and what is loose - movement towards one integrated IT system makes sense; a coordinating HR function with semi-autonomous units in the businesses might also evolve. Financial control systems and diversity and equality policies emanate out of the centre - but financial management is left with individual businesses. A central tenet is to give as much autonomy as possible to individual businesses provided they perform against business plan and budget. Where there is scope for efficiencies and synergies, grab them.

Organizational development

During the initial period of change prior to the grouping, external consultants were brought in to help Silbury manage organizational change. As part of the mobilization process all managers and a cross-section of all staff were invited to give feedback as to how they saw the organization, what the key issues were and what some of the solutions might be. The following were the main themes to emerge from the discussion groups and interviews with managers.

Developing common purpose, values and shared understanding of objectives

Some managers and staff were very clear about what the Group's vision and values were. Others were not so sure. People needed more clarity about what the new organization would look and feel like in the future.

Developing a shared understanding of what sort of organization we need to build for the future

People saw the need to further develop the vision and values for the organization through greater communication and engagement, both vertically and across the organization.

Managing for growth

Balancing the drive for growth whilst maintaining and improving the level of current service emerged as quite a creative tension. Ways had to be found to increase management capacity and capability.

Balancing between managing and leading

Managers needed to shift the balance from managing the increasing complexity of the Group (planning, organizing, controlling and problem solving) to demonstrating leadership and strategic thought (through setting a direction, aligning people, motivating and inspiring).

Where do we need to innovate as managers/management team?

More creative and innovative ways of doing things were needed to get to grips with the challenges. That included creating an environment where some risk taking was more acceptable and mistakes were inevitable but could be learnt from.

Individual and collective energy

Managers needed to be able to match their efficiency (doing things right) with their effectiveness (doing the right things). As roles, responsibilities and structures change the challenge on an organizational level seemed to be, 'Where should managers' time best be deployed and how much can they empower their staff?'

Personal responsibility

Managers acknowledged the shifting culture and are generally and genuinely signed up to developing it and taking their part in shaping it. However, it might be difficult to step fully into the new role of manager and leader and even more difficult to develop staff to play their part.

Developing management and leadership capacity and capability

A series of workshops were designed to address these issues:

\* to help managers share knowledge and understanding across the whole Group;

\* to develop skills to better manage change;

\* for managers to understand their management style and the impact it has on others; and

\* to address the important and pressing issues arising from a dynamic and changing organization.

In addition three working groups were set up to:

\* develop practical ways in which people will 'buy-in', own and act out the values;

\* develop ways for managers to keep their 'finger on the pulse' - know the key issues emerging for staff and the organization to take action on; and

\* generate ideas as to how people can take on responsibility and grasp opportunities.

Managers and staff were involved, in a variety of ways, with developing the ongoing agenda for change. In addition to the workshops there were staff briefings, staff discussion groups and a staff conference (which now continues annually) where the forward agenda was communicated, ideas generated, and potential obstacles highlighted and worked on collaboratively.

A key component of the grouping was the bringing together of all the managers from both organizations. They spent time together over two days addressing the following challenges:

\* meeting and getting to know one another's organizations and ways of working;

\* developing a shared view of Aster's strategic opportunities;

\* identifying some of the practical synergies for individuals and constituent businesses; and

\* agreeing key lines of ongoing organizational development.

As a result of the workshop three working parties were set up, initially with managers from across the Group and then involving staff. The key themes to be addressed were:

\* Direction - guided by Aster's vision and values and taking account of the strengths and weaknesses of the Group, where would you want Aster to be in five years' time?

\* Improvement - examine current service improvement practices to confirm, a) whether they are appropriate for Aster Group and, b) how they can better engage and be made more meaningful to staff and customers.

\* People - taking account of the staff surveys across Testway and former Silbury Group, examine and made recommendations of what we need to do to make the Aster Group a better place to work.

At the time of writing a further housing association has joined and once again managers and staff have been enfolded into the Group. Roles and responsibilities, synergies and business opportunities were all discussed openly and frankly. Whilst still embedding the previous grouping, Mendip Housing Association approached Aster as it was desperately seeking a partner. It needed support, protection, guidance and advice. Aster GMT recognized the resource implication and recruited a dedicated person to deal with these aspects of the Group's development. The joining criteria were different for Mendip. Whereas Testway had a reputation for award-winning community development and Silbury had a reputation for development, Mendip had expertise in care and support and the elderly. The process was the same as for Testway/Silbury but was concertinaed into a much shorter timeframe.

A key creation has been the concept of the Aster Group Manager - someone who not only exhibits good management and leadership within his or her own area of the business but who has rights and responsibilities across the Group both at an operational level (for example, spotting and sharing best practice, efficiencies and economies of scale) and a strategic level (for example, shaping and responding to the external environment and key partners, contributing to leadership thinking and development of strategy across the whole organization).

The challenge for the Aster Group going forward is how to maintain momentum in its growth strategy whilst embedding the changes that have already been made; and how to manage change fast enough for the senior management but at the right pace for staff to continue to perform effectively and provide an excellent service to their customers. Of course, since Aster is now the largest in the South West the relationship with the Housing Corporation has changed from one where it was needing to seek attention and probably had very limited influence, to one where it plays an important part in the Corporation's plans and as such could always pose a risk if it doesn't perform. Aster very much sees itself as a true partner with the Corporation - the challenges now being to continue the growth strategy, staying on the preferred list of partners and having to make year-on-year efficiency savings as laid down by the regulatory authorities.

The Institute of Public Health in Ireland

The Institute of Public Health (IoPH) in Ireland, funded by the respective Departments of Health in Northern Ireland and the Republic of Ireland, was established in 1999 to promote cooperation for public health in the whole of Ireland. It was a major cross-border initiative, which emerged at the same time as the Belfast Agreement intended to end the centuries-old conflict.

At a high level the Institute's remit includes providing public health information and surveillance; strengthening public health capacity; and advising on health policy. In reality it has made its major focus the tackling of inequalities in health across Northern Ireland and the Republic.

The Belfast Agreement was signed on 10 April 1998, a Good Friday, hence its unofficial title of the 'Good Friday Agreement'. Former US Senator George Mitchell, Canadian General John de Chastelain, and the Finnish ex-Prime Minister Harri Holkeri chaired the multi-party talks that led to the historic Agreement. The participants included the governments of the Republic of Ireland and the UK, and 10 political parties representing unionist, loyalist, nationalist, republican and crosscommunity constituencies in Northern Ireland. The US President Bill Clinton provided political support and encouragement.

The work of the Institute

The Institute of Public Health has been engaged in the development of information, policy and practice relating to poverty and health as part of the organization's overall commitment to combating health inequalities in Ireland.

The Institute uses the World Health Organization's definition of health as 'a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity'.

It also has developed an all-Ireland Population Health Observatory that supports those working to improve health and reduce health inequalities by producing and disseminating health intelligence, and strengthening the research and information infrastructure in Ireland.

The Institute firmly believes that the development of strong multi-sector partnerships is a crucial step in tackling inequalities in health. As a result it has developed a framework for partnerships in health and organized the first all-Ireland conference on partnerships for health.

It has developed an all-Ireland Leadership Programme to create a network of leaders from different sectors who will work collaboratively and creatively for a healthy society. Over the last five years it has produced publications and reports, held numerous seminars and conferences on key issues in public health, developed innovative and effective programmes and contributed to significant policy developments in Ireland and Northern Ireland. It has worked with a range of partners to bring people and organizations from across Ireland together to promote collective action for sustained improvements in health.

Beginnings

The original idea for an all-Ireland health body came from the Chief Medical Officer in Northern Ireland who began conversations with his counterpart in the Republic. He identified the need for greater cooperation on health. There was an exploratory small group set up by him and his counterpart. They discussed the idea and its potential for success with a whole range of people across the field, from universities to environmental health. One of the key observations was that people clearly didn't want any duplication, though something with a low resource and probably with an emphasis on things uncontroversial (ie, not political) such as focusing in on specifics like a register of diseases. The political context was delicate and so the focus at this early stage could only really be about information exchange.

Through careful networking and discussions, the civil service and some politicians were eventually won over. The Good Friday Agreement provided the necessary momentum to crystallize the idea and the Institute of Public Health for all Ireland was established - the germ of an idea with the starting point of employing just six people from different health professions and seeing what happened.

The Director's job was advertised later that year. The Institute actively sought someone who would develop the original ideas and move the health agenda forward proactively with limited resource, which was highly credible in the health field but politically astute concerning all the North-South sensitivities. Jane Wilde was appointed as Director of the Institute in the autumn of 1998. She had been active politically in the Northern Ireland Women's Coalition and professionally as Director of the Health Promotion Agency. She had been a consultant in public health and on a health board, having trained both in the UK and the United States.

Initial challenges

Immediately a number of challenges arose for the Institute. One key issue was where it was to be located - in the system, more than geographically. The Republic and Northern Ireland had different jurisdictions, different cultures, different health structures organizationally, different budgetary regimes and time periods and clearly different political institutions.

The Institute was to be housed literally and metaphorically within the Royal College of Physicians in Dublin. It was a beautiful building with porticos and marble. However, the Institute hadn't been allocated any space - it had to work from what amounted to a broom cupboard with no windows and a redundant PC.

One possibility was to be further absorbed into the Royal College but the College was focused on standards, training and exams. It was steeped in history, some might say rather archaic. Jane conceived of the Institute as being modern, transparent and permeable, facultative and enabling rather than imposing and laying down the law.

For the first six months she went out meeting people all over the island, initially those in the more obvious public health roles. She saw her job as going out and meeting, asking people what they were doing and reassuring them that the Institute was not in competition with them. Her endeavours were generally met with support and warmth. The timing was right as over 80 per cent of the Republic's population had voted for the Belfast Agreement and there was a strong feeling of wanting this North-South process to begin. Health was a relatively non-contentious issue so it had the possibility of progression.

Although the Director initially knew only a few key people in the Republic the Chief Medical Officer acted as her chief sponsor, engaging her in conversations and meetings. She had had a credible track record and indeed, first by listening to people and then explaining what they were willing and able to do, people became interested and wanted to be involved.

Concurrently the organization's infrastructure was developed. Technology, web and internet, e-mail and other lines of communication were established. Recruitment processes were set in motion, and budgetary, purchasing and financial systems established. It became clear that the future of the Institute required independence to set its own direction.

During this initial time people were recruited based on what they could contribute and deliver on certain things, rather than from what profession they came. It was during this period also that the Director and her emerging team began to shift the focus away from just providing advice and information towards tackling health inequalities, though not straying from the original remit. There was a certain nervousness at having it as a main aim but the Institute was convinced that its focus should be on the wider determinants of health, highlighting the inter-connections between transport, housing, education and social networks, and how these are intimately connected with health and well-being. Initially radical, the approach is now more widely accepted. This set the scene for the Institute to be involved in areas outside the usual health arenas. It was going beyond the disease model, using systems thinking and seeing its place in the whole system.

It recognized that it had a small place in the system, with little responsibility or executive power. It had its ambitions for influencing and impacting health inequalities without becoming a gigantic bureaucratic institution.

Of course the more you start to become successful the greater the demands on your limited resources. One of the key philosophies of the IoPH was to be innovative and light many fires across the health scene. That suggested there would always be this tension between concentrating on running the successful projects and continuing to develop and implement new ideas and initiatives.

Strategy implementation

The strategy development process involved a lot of time together with the new team. It involved stakeholder mapping and brainstorming, and shaping the future possibilities within the context of understanding future needs and possible scenarios. These were then shaped up into work programmes, which were generally cross-cutting themes rather than one or two specialist areas - such as developing a diabetes register - which might have been too limiting. This was partly looking at the longer term and positioning the Institute in the context of the wider health picture - it could easily have got bogged down in just one important time-consuming initiative. It decided to operate more at a 'meta-leveP and wanted to start out as it planned to continue.

Soon people were seeing the Institute as a resource that could be utilized. For example, the Department of Health in Ireland saw it as really useful in developing the National Anti-Poverty Strategy specifically to produce health targets. This in turn developed into a wonderful networking opportunity to better connect with the web of people and institutions absolutely essential for the IoPH to realize its aims.

The Institute works at a whole systems level providing some resource and expertise, supporting and influencing through facilitation via its networks. Its aims include building capacity and capability within its own organization to do the same for all organizations involved in the all-Ireland health agenda.

Vision and values

Jane Wilde had a very clear take on the importance of the vision and values to the organization and its way of working:

The vision and values are crucial, even more important than a clear set of objectives. At the top are the vision and values, at the bottom is the infrastructure - accounting, systems, processes - both very worked out and clear and effective. In the middle is the room to juggle and be flexible - we don't need to fight for our existence, we fight for our vision.

The Institute has its work plan developed from its strategy process but it recognizes that things will come up or it'll spot things and need to decide whether to factor them into the ongoing work. It has its flagship programmes which are the core of its work, and are quite responsive at taking on additional things during the year, mobilizing resources and spending additional funding quickly and easily and in a very focused manner.

It is more interested in things being achieved than being precious about keeping ownership of things or about who controls the resources. It's not about being territorial, more about effective deployment of resources.

Vision and values come out all the time, whether it's the way the offices are furnished or how the senior management team and management board minutes are published. Keeping communication open between the Belfast and Dublin offices can sometimes be problematical though regular video conferences are organized and face-to-face 'programme' days are scheduled. It can be difficult to get people who have no reason to go to the South, say, to get to know about the South, though the ethos is to constantly reiterate the need for an all-Ireland focus.

A very cosmopolitan staff group have been recruited, drawn from many countries. They operate with a belief that says tensions are more about where they should invest their energies rather where there's conflict to be avoided. They try to do everything to a high standard, with a real attention to both the task and people process, ensuring clarity of agendas and outcomes and that all staff are supported. They support and look after each other with team days designed to allow time for creativity, reflection, de-stressing, growth and development.

Leadership style

The leadership style exhibited by the Director and her senior management team on the one hand reflect the personalities and values of the managers themselves, and on the other hand, mirror the requirements of the Institute from formation through to being a successful player in the Irish health field.

A balance was struck between being affiliative, democratic and authoritative. The Institute needed to get close to all of its stakeholders, build trust and discover what the needs and ideas were of all of these bodies and the constituencies that they represented. It then had to craft a vision and a strategy that would command respect, be authoritative and encourage engagement.

Core values which permeate the leadership are:

\* being determined to stand up for what they believe (ie, tackling health inequalities in an inclusive way);

\* setting out a motivating vision;

\* setting consistently high standards;

\* being collaborative, building relationships and fostering networks wherever and whenever it's possible; and

\* building and maintaining momentum on a number of fronts with a number of initiatives.

A key leadership competency for the senior management team is being politically astute, with no game-playing whilst watching and managing the political and organizational boundaries.

In the top team the Director's style is very facilitative; occasionally she needs to remember - or be told - that she has to take the lead and make the final decision. As a matter of course there is a collaborative and consensual approach to strategy making, problem solving and decision taking.

Management board

The non-executive management board had the ultimate responsibility for directing the Institute, though in reality the process seemed to be one of collaboration and negotiation. The Director and senior team would go to them with ideas and get approval for the agenda. Initially more directive, the board evolved a way of working that is rather low key, but open, honest and transparent. The relationship between the non-executive management board and the executive senior management team has developed over the years. A lot depended on the differing states of maturity of the board as opposed to the senior management team (maturity in terms of knowledge and experience of the organization, its agenda and its place within the health arena).

The Institute tended to be senior management-led within the broad parameters laid down by the board. In some ways this reflects the confidence the board had in the senior management, though in other ways it probably needed to demonstrate greater critical challenge.

Working across the border

A key challenge was the need to work across the border with both the political sensitivities and cultural differences that implied. The line across the border proved to be a very big line indeed. The two governments had different ways of transacting and different priorities. The Institute acted as facilitators between the two in an attempt to better align the different health agendas and priorities. For example, at one stage there was restructuring in the South, another time budget cuts in the North. At both these times people outside of the Institute tended to look more inward and take their eyes off the collective agenda. It was for the Institute to hold firm to its vision and work with what and who was available. Indeed it found that rather than wait for a total agreement on any one initiative it would start things off in one area and other areas would pick it up if they saw any value in it.

Leadership programme

The leadership programme is a good case in point as its aim was to build leadership capability and capacity across all organizations working on the island. This innovative programme focused on personal development, systems change and collaborative leadership, addressing individual leadership challenges whilst promoting and developing networks. In addition to the individual and group learning there have also been two specific products created by the participants - an imaginative book, Reflecting Leadership, and an advocacy toolkit which is being further developed as a web-based resource. Four programmes have been run with 100 people from all health sectors nominated or self-selected to attend. These include academics, public health doctors, community health workers as well as managers from local government.

The programme didn't just focus on individual leadership development but also on the impact on their respective organizations - creating a cadre of leaders, making wider connections and operating in an all-Ireland system. The ongoing peace process has helped - creating more porous borders, being more fluid and less threatening. Likewise this increased level of communication and understanding has helped the peace process.

A key symbolic act on the Director's part was to enrol in the first leadership programme along with some of her associate directors. She recognized that full and wide participation on the leadership programme was important. By acknowledging that she was prepared to show her vulnerabilities, address her weaknesses and further develop her strengths she set a particular tone for the Institute itself and for all leaders and would-be leaders across the health arena in Ireland. This was one of the factors that ensured other high profile people attended, and the programme became something which others wanted to attend.

Learning

The key lessons from this change process are as follows.

Good sponsorship

It was imperative to have a good level of sponsorship from someone who was already respected and had power and authority in the field. The Chief Medical Officers played this role during the birth of the organization and its crucial first few months and this role has now been adopted by members of the management board.

The importance of inclusivity - looking after your stakeholders This means identifying all of the stakeholders, discovering their needs and wants and factoring them into your strategic deliberations and demonstrating that they have been listened to.

Appropriate influencing skills

The Institute was a legitimate entity but was operating without specific powers. It adopted an influencing style based on drawing people into discussions and deliberations and offering knowledge, experience and resource as away of gaining commitment and engagement.

Features of this style would typically be building on others' ideas, testing understanding, seeking information, being democratic and sharing power, being involved and building trust. Interestingly this works best when one has no formal power.

The importance of vision and values

The 'what' of the vision and the 'how' of the values provided a compass en route to achieving the objectives. They were used as a crucial part of the decision-making process and provided a raison d'être for the organization rather than having to concern itself with ideas of growth and acquiring and monopolizing resources.

Developing a lean, agile, responsive organization

As a consequence of clarity of vision the organization didn't need to demonstrate success by growth, assets or size but by how well it enabled the health inequalities agenda to be moved on. To do this it need to develop a lean, agile and responsive organization which it did through recruitment of the right people (professionally and attitudinally); particularly good influencing and enabling skills; demonstrating value through building flagship projects and programmes; investing time in research and reflection; spotting the right opportunities in the myriad of issues and initiatives; and harnessing the power and influence of the networks around it.

Transformational leadership style

The senior management team adopted more of a transformation leadership style. Some of the qualities associated with this style include:

\* setting out and working towards a longer-term vision;

\* creation of a facilitating environment, enabling people to operate in an environment of trust, openness and empowerment;

\* working towards changing the status quo and not being afraid to confront (in skilful ways) situations or people that are not committed to this process;

\* recognizing that building overall capacity and capability rather than being directive and hierarchical is a means towards the end; and

\* seeing and demonstrating that authority comes from the ability to influence through a network of relationships and a relationship of networks.

The use of reflection as an aid to action

Partly because the organization is involved in research and reflection, partly due to the personalities of the senior management team, there is a great emphasis placed on individual and team reflection and addressing the group process. The organization recognizes the need (as demonstrated in its leadership programme) to invest in leadership processes that pay due regard to individual and team development and dynamics as a prelude to taking action.

Non-executive board and senior management team

For an organization to be operating at full effectiveness there needs to be a stronger relationship between the non-executive board and its senior management team. Healthy relationships need to be brokered between these two groups to ensure clarity of goals and effective operating processes.

Biogen Idee

Biogen Idee Incorporated is a global biotechnology company which develops products and capabilities in oncology, neurology and immunology. Its two major drugs are used in the treatment of Non-Hodgkin's lymphomas, a type of cancer, and multiple sclerosis. Its core capabilities are drug discovery, research, development, biomanufacturing, and commercialization of its products. The company is one of just a few biotechnology companies that have biological bulkmanufacturing facilities, with one of the world's largest cell culture facilities.

Biogen Idee has headquarters in Cambridge, Massachusetts, and was formed in 2003 from the merger of two of the world's leading biotechnology companies - Biogen, founded in Switzerland in 1978, and Idee, founded in San Francisco, California, in 1985. Biogen Idec's history has been one of developing partnerships and achieving mergers with strategic fit, for example same location different drugs, different presences in different markets. In 2005 Biogen Idee invested $684 million - 31 per cent of revenues - in continued research.

The company has research centres of excellence in San Diego, California, and Cambridge, Massachusetts, and additional offices in Canada, Australia, Japan and throughout Europe, including the international commercial and administrative centre of excellence in Zug, Switzerland. In 2006, the company employed approximately 3,400 people worldwide.

For more than 25 years the company has grown through the discovery, development and commercialization of its own innovative products and through its strategic alliances.

Biogen Idee vision and values

Vision

With passion, purpose and partnerships, we transform scientific discoveries into advances in human healthcare.

Mission

We create new standards of care in oncology and immunology through our pioneering research, and our global development, manufacturing and commercial capabilities.

Core Values

Courageous Innovation

We apply our knowledge, talent and resources to yield new insights and bold ideas. We confront challenge and uncertainty with zeal, tenacity and vision and seize opportunities to excel.

Quality, Integrity, Honesty

Our products are of the highest quality. Our personal and corporate actions are rooted in mutual trust and responsibility. We are truthful, respectful and objective in conducting business and in building relationships.

Team as a Source of Strength

Our company is strong because our employees are diverse, skilful and collaborative. We pursue our fullest potential as individual contributors, team members and team leaders.

Commitment to Those We Serve

We measure our success by how well we enable people to achieve and to thrive. Patients, caregivers, shareholders and colleagues deserve our best.

Growth, Transformation and Renewal

Consistent with our core values, we as individuals and as a corporation are dedicated to creative and constructive growth, transformation and renewal as a source of inspiration and vitality.

Up until recently the international headquarters were based in Paris. However, following a strategic benchmarking review, the decision was made to establish a number of centres of excellence across Europe, moving from France and basing the new commercial and administrative headquarters in Zug, Switzerland, where most of the international functions reside.

What were the thought processes that led to this decision and how well was this restructuring and cultural shift managed?

The Paris headquarters had responsibility for all finance, legal, HR and commercial activities. Other international functions like regulatory affairs, drug safety and logistics were locally divided. The prevailing culture in the European operation was one of a relatively centralized controlling style with many decisions being made in the headquarters.

Due to the bureaucratic process, decision making was seen as rather slow and onerous and perhaps not totally aligned with the business culture the company wanted to live across its European operations.

While the company had direct presence in most West European countries, it operated via distributors in Latin America, Central and Eastern Europe and the Middle East. In 2003, the company was revisiting its business strategy while it was striving to launch new products and to grow its direct presence in emerging markets.

The change

A project team was appointed to conduct the reassessment of the business strategy. The key objective was to conduct a benchmarking study for the best location, in order to optimize the organizational structure and processes and develop more effective relationships with the European affiliate companies on the one hand and the corporate headquarters in the United States on the other. The head of the international business was appointed to be the project leader, supported by the directors of commercial operations, human resources and international legal affairs. The first stage was pure data gathering of internal and external information. The company was intent on following best industry practice. If, for example, staff were to be relocated or made redundant, the team needed to base its decisions on industry and regional best practices. Data gathered here related, for instance, to relocation and outplacement.

The second stage was to look at future options regarding distribution of functions and allocation of resources across Europe. In principle it was decided to create three 'centres of excellence', by moving commercial and administrative functions to Switzerland (international headquarters), regulatory affairs and drug safety to the UK, where the European Regulatory Authority is based, and logistics to Holland, where the packaging operations was based.

Part of the discussion was the role of the international headquarters as opposed to the affiliate companies. As mentioned before, there was always the possibility of tension between the two and the potential for conflict, as long as roles had not clearly been defined, in particular due to the fact that the former international headquarters and the various affiliates had grown their resources simultaneously.

As part of the move towards empowering the affiliates it was decided to redefine the role of the HQ as primarily sharing best practice, voicing local/international needs to corporate and ensuring alignment between the various operations Therefore, the affiliates had to become self-sufficient: additional resources were allocated on a local level while resources on the international level were reduced. As an example, the HR function was designed to no longer primarily report into headquarters, but into the managing directors of the affiliates, with a 'dotted line' relationship to the Vice President Human Resources. Actions such as these reflected the empowerment of the affiliates and the local managing directors. There was some resistance to change in the reporting Unes but this was remedied by groups and individuals relinquishing a direct reporting line for at least a dotted line. In this manner, some connections were retained, but looser. This reinforced the notion of a move away from a largely centralized web culture to a more networked one, based on a matrix. From an early stage and to comply with employment legislation, follow best practice and to be true to the company's 'Team as a source of strength' corporate value, the team actively involved staff representatives through the representatives of the Works Council.

Data gathering and option generation

The team looked at potential sites for the new centres of excellence. Copenhagen, London, Paris, Munich, Zurich, Belgium and Amsterdam as well as the existing location in Paris were included in an in-depth analysis. These locations were looked at through various filters - biotechnology industry, healthcare and business environment, employment and recruiting, infrastructure, transport (eg direct flights to Boston) education, languages, as well as other social and cultural aspects. Data was drawn from multiple, wellaccredited sources, eg the World Economic Forum and Arthur D Little's Global Headquarters Benchmarking Study European Headquarters. Finally Switzerland and the UK were short-listed.

One of the benchmarking studies taken into account was the Mercer Human Resource Consulting's Quality of Life Survey (http://www.mercerhr.com). This analysis was based on an evaluation of over 30 quality-of-life criteria for selected cities, including political, social, economic and environmental factors; health and safety; education; transport facilities; and other services. They mapped the different locations against the different criteria and with abalance between company costs and benefits and employee costs and benefits.

In the end Zug was rated high with a good multinational business environment, international schools, high quality of life, taxation and cost of living reasonable.

The legal process in France was extremely rigorous with employee rights paramount. The company involved the employee representatives completely throughout the decision-making process, consulted them on the current and future organizational structure, and provided them with a detailed analysis of how it would impact employees and what was intended to ameliorate their situation.

Local government agencies were equally involved.

Affiliates and culture chanae

A key aspect of the structural changes was to clearly outline key roles, responsibilities and processes in order to improve decision making and increase organizational flexibility.

The most immediate effect was on the affiliate companies. The management teams of these were given additional resources (made available from the decentralization process) and given more control related to their local organization. The ability to take more leadership was offered and taken. Business development opportunities could be seized more readily.

As with any reorganization, both the formal and informal lines of communication, authority and responsibility were shifted. There was a need to clarify responsibilities, rebuild relationships, share best practice, agree boundaries and define parameters. Once again the existing culture and values assisted this process as did the role modelling of senior change makers.

The corporate body set the overall strategy but empowered the affiliate businesses to operationalize this. Corporate defined the strategy and ensured international alignment of the strategy across the region, while operational responsibilities were assigned to local management.

Strong business results in the international markets following the restructuring, and extremely positive results of a corporate employee survey in which more than 90 per cent of all employees participated underlined the success of the reorganization.

Criteria for good change

Get the right specialist support from the beginning

Depending on the nature of the change, specific specialist functions can be crucial to success. In this case the project team recognized that external legal advice related to the complex employment matters and design of the social plan was crucial. Also, a public affairs resource was something that the company didn't have internally in International and consequently established in the Zug office.

Support from top management

A change team has more chance of success if it has unequivocal support from senior management. The project team closely cooperated with internal decision boards, external resources and local authorities.

Clarity of direction

The change team defined the objectives - to assess and review the location of the centres of excellence and put forward the recommendation on the best location and concurrently to address strategic and business requirements of its affiliates.

They went into this decision-making process with open minds but were clear that they would reach a decision and take the necessary actions to bring about any changes, if changes were indicated.

Clarity of decision making

They relied heavily on the prior acquisition of the necessary information to be able to make reasoned judgements and give a compelling business case to all interested parties. This also included being very clear about the criteria on which a decision would be made. Their data were comprehensive and drawn from both internal and external sources.

Leadership

They adopted an authoritative style of leadership which relied on their having clarity of direction, an understanding of the needs and wants of the various stakeholders, a certain credibility with staff and business partners but also an openness to incorporate different views and new data as they emerged, but always within predefined parameters.

Their treatment of staff was based on fairness and equity. There were no special cases or exceptions when it came to redundancies, promotions or relocations. They tried to achieve the balance between being clear, consultative and direct.

The transition

The Zug authorities turned out to be extremely supportive in their approach, reflecting their business-oriented mindset when Zug was being considered as potential location for the new commercial and administrative headquarters. The Swiss joint venture was co-located with the new office. The office is five minutes walk from the railway station which in turn is 45 minutes from Zurich airport with its direct flights to Boston.

Current employees in Paris were encouraged to conduct site visits to Zug in case they expressed interest in a potential relocation to Switzerland. At the same time tax simulations were ran for interested individuals. The project team did a risk assessment on losing key talent and decided that benefits exceeded any perceived risk.

Once it was agreed who wanted to move and who wanted to leave the company, or take up positions elsewhere round the globe, the French contracts were terminated and new Swiss contracts issued. A fair severance package and comprehensive outplacement supported those employees who decided to leave the company to find a new job. New staff was recruited in Switzerland, the UK and the Netherlands to fill the gaps and these were drawn from more than 17 different nationalities.

Centres of excellence were established across Europe. For example to the west of London, UK and close to the EMEA (European Medicines Agency, the drugs regulator), the company established its international regulatory, clinical research, data management and pharmaco-vigilance centre.

The British Counci

Founded in 1934, the British Council is a non-departmental public body (NDPB) and public corporation with charitable status, receiving grant-in-aid from its sponsoring department, the Foreign and Commonwealth Office (FCO), of £185 million per annum (2005/06). It has a presence in over 110 countries and its overall turnover is currently £502 million per annum including partnership funding, revenue from teaching, administration of exams and development contracts. The Council's purpose is to build mutually beneficial relationships between the UK and other countries and to increase awareness of the UK's creative ideas and achievements overseas.

During a strategic review in 2003 the senior management team developed a vision for the British Council.

Given the British Council needs information systems that underpin the stated objectives within the vision, allied to the strategy-making process, a review of the internal information systems was undertaken. This revealed the need to design and install a new system throughout the UK and the rest of its global operations.

By 2010:

We will be a world authority on cultural relations, English language teaching, and the international dimensions of education and the arts.

We will understand the needs and aspirations of those we are seeking to reach much better.

We will be using our expertise and knowledge to help millions of people reach their goals and make a difference.

We will have built many lasting relationships between people in the UK and other countries and strengthened trust and understanding between our different cultures.

We will be welcomed as an effective and sensitive partner for societies wanting to bring about a fairer and more prosperous world.

We will be connecting millions of people with creative ideas from all over the UK and with each other, both face to face and with innovative online and broadcast communications.

We will be broadening the UK's world view, particularly how young people in the UK understand and value other cultures and traditions.

And everyone who works for the British Council will feel valued and will enjoy opportunities to be creative and realize their potential.

The first stage was the implementation of the new system across the UK, particularly within its main Manchester and London offices. This case study tracks how the project was managed and delivered on time and to budget. The UK government's National Audit Office concluded its review of the project implementation by stating that it was a 'very successful implementation'.

Drivers for change

Internal drivers

The British Council systems had evolved over a number of years and at the time of the review UK operations didn't have a particularly clear vision of where IT provision was going. It had between 25 and 70 separate systems (with a myriad of smaller localized bespoke systems), which weren't integrated with one another. There was a serious question over the Council's ability to provide an IT infrastructure for the future growth and development of the organization's business.

People at all levels within the organization identified a need for change. Indeed there were frustrations articulated from the people at the operations end who needed to provide a professional service to clients and customers but were increasingly held back by the antiquated systems. Furthermore, ideas being generated for regionalization across the world meant there was a compelling case for a standardization of systems.

External drivers

The internal drivers were further accentuated by the growing need of partnering organizations to interface with the same system across geographies.

Governmental intervention had led to a drive for increased performance and better service. In July 2004 Sir Peter Gershon published his review of public sector efficiency, 'Releasing resources to the front Une', and the British Council was being asked to show £13 million of savings, the majority of which would be realized through the successful implementation of this project.

The other important external driver was the increasingly competitive environment that the British Council was facing in some of its trading areas. So, a focus on costs and overheads was a compelling reason for these changes.

The business case

There were up to 70 bespoke systems across the British Council and its regions, from large scale investments through to tailored spreadsheets. They were all at different stages in their lifecycles. There was a complex interface leading to expensive communications which hindered the free flow of information across functions and processes. This engendered a sense of separate businesses or silos. And of course poor information hindered managerial decision making. A less fragmented system would allow for centralization, or decentralization or regionalization. It would allow for the organization to become more flexible and responsive. Partner organizations were at the same time decentralizing and empowering operatives in the field to bid and manage development projects locally.

The software solution which emerged was Enterprise Resource Planning (ERP), which is the technical term for the range of activities supported by multi-module application software that assist the organization to manage and administer the important parts of its business. It does this by integrating and automating many aspects of these business operations.

After considered and considerable debate, an off the shelf solution was agreed which would provide the whole British Council with a consistent solution. Allied and aligned to this would be the creation of 10 core business processes across the world. Key benefits of the system would be:

\* total organizational information and communication integration;

\* the breaking down of functional and departmental barriers;

\* the same consistent real time information for all areas; and

\* the capability to analyse data in a variety of critical ways, for example, budgets could be viewed at any sector, unit, country or regional level.

All these benefits had links with and indeed underpinned the 2010 strategy and were aligned with creating a cohesive business direction. It was to be the biggest change project in the British Council's history. It was a radical response and would affect every single department across the organization, with 360 global job losses, and 80 reductions planned in the UK central finance department in the first year of implementation.

Key players and stakeholders

Key stakeholders included the following.

Senior management

Senior management took a very close interest in the project as it was so intimately tied in as an enabling strategy for the 2010 vision. At implementation stage the Deputy Director General was appointed as the senior responsible owner (SRO), which sent a clear message to the whole organization of making this a top priority.

The programme board

The programme board was set up as the senior sponsoring and monitoring group, with representatives of all the major stakeholders on board and chaired by the Deputy Director General. It provided informed challenge and stakeholder management. A support office was set up to ensure a uniform approach to change management and tracking and monitoring of delivery and efficiencies gained.

The business

All parts of the business were consulted and involved at each stage of the process.

Consultants

The consultants' consortium was an important and critical part of the project. There was one large consultancy and a number of smaller specialist consultancies. The decision was to have a representative of the consortium on the programme board in the interests of open transparent communication and good partnership working.

Finance and IT

The finance and IT departments were most directly affected, partly with both having important roles to play in the design and implementation, but also with the finance department requiring restructuring as a direct result of the changes, with a reduced headcount and a decentralization process.

Staff

All staff were affected to an extent. Their involvement and interest in the project was in direct proportion to the degree of change which they would undergo and the timescale in which it was to occur. The British Council ethos was one of openness and consultation and this was embodied in the way that people were involved, communicated with and consulted.

Union

The trade union was an important stakeholder to work with, address inevitable staff issues related to the change and to negotiate a way through them. The union was also an important communication tool and thermometer for taking the emotional temperature of the organization.

Other stakeholders

The FOC, the government's stakeholder, was content to be at arm's length and, although with considerable power, would only get interested if major issues were highlighted.

Although the first phase was a UK rollout, managers and staff from other countries were interested, mainly for three reasons to ensure:

1. business continuity;

2. difficulties in implementation were resolved before the overseas rollout; and

3. full understanding of the impact of this large integrated solution on both UK and overseas operations.

Programme team

The programme team comprised people drawn from finance, technical and operational sides of the business, the change training team and members from the consortium. The programme team demonstrated their credibility by being recruited not just from the finance and IT departments (though of course they were fully represented) but through selection on the basis of their operational track record, experience in the business and change management expertise.

Richard, the programme manager, had been a director for the British Council in Indonesia, with experience in change management and process re-engineering. Paul, the Change Communications Manager, had had 10 years' experience teaching and teacher training in Hong Kong and had been involved in overseas business development.

Design stage

The programme team followed the programme guidelines and terminology as laid out by the Office of Government Commerce (OGC). The programme support section became a centre of excellence (in OGC terminology), followed the managing successful programmes methodology and aligned the various project management methodologies which had grown up across the Council.

OGC works with public sector organizations to help them improve their efficiency, gain better value for money from their commercial activities and deliver improved success from programmes and projects. Our priorities are to support the delivery of:

\* the public sector's £21 .5 billion annual efficiency gains by 2007/08;

\* £3 billion saving by 2007/08 in central Government procurement;

\* improvement in the success rate of mission critical projects.

At an early design stage a significant decision was taken. The systems review had reached a decision on what was needed but the 2010 strategy process had not been completed. One of the first acts of Robin, the Deputy Director General, on becoming SRO was to declare that 'Strategy leads the system not vice versa.' As a result the project, now called Finance and Business System (FABS), was held back for six months to allow completion of the strategy work. A key aim was to keep the strategy and the system development together. So, for example, a decision was made to restructure and downsize the finance department at the same time as changing the finance system. Although challenging and in some ways doubling the amount of change during a specific time period, the alternative was to do them sequentially, and having the wrong structure and the wrong people operating a new system or having a new way of working with new people but not the system to deliver the new objectives. In some quarters this was seen as brave, in others seen as potentially foolhardy.

A series of senior management workshops was held to engage managers from across the Council in the strategy-making process; to involve them in looking at the consequences and implications of developing the new system; and to elicit their support for the change process and the turbulence it might cause. This resulted in a document outlining the new strategic direction, the challenges ahead, and clear outputs and outcomes.

The prevailing culture at the British Council was one of a collegiate decision-making process. This produced a 'dynamic tension' in different stakeholder relationships:

\* the design team were keen to move forward at a rapid pace;

\* the consortium consultants tended to come from a culture of proactivity and focused action; whilst

\* British Council operational staff were immersed in their usual way of doing things.

Various dynamics were at work in that many staff, as previously mentioned, were keen to update the systems and develop more responsive ways of working. However, they also needed to be listened to and asked for input.

There were different levels of engagement in different parts of the business which needed spotting and managing. Inevitably there were some winners and some losers. One aspect was that some areas, previously benefiting from bespoke systems, were now being asked to give up those systems for the greater organizational good. Overall 100 staff participated in the design stage, which included, in addition to the finance and IT functions, both the UK business and representatives from the overseas operations.

Implementation process

On the programme manager's appointment the implementation process started with a 'mobilization and visioning' event: in effect a two-day team workshop bringing together the technical people, the business people, the change training team and the consortium. This struck a balance between getting organized on the task and focusing on how that might be done - the process. This generated a commonly held and understood vision and also a set of guiding principles for team working.

The implementation process followed a normal systems project:

\* configuration (done mainly by the external consortium);

\* proof of concept;

\* realization;

\* integration;

\* user training;

\* user readiness; and

\* go live.

Critical activities in the whole programme included the process of installing the software; getting staff to understand what the changes were for and how they would affect the way of working; and helping staff learn what to do.

Change management workshops were designed and run for all staff. Coordinators were appointed in all areas and managers were asked to complete a business readiness grid (BRG) detailing the extent to which they were prepared for the changes in their particular area.

An effective project management structure was established with a clear line into the programme management board. There was business representation for all strategic discussions whilst a business assessment group assessed the blueprint, the training and user acceptance, and reported back to the board. There was a clear governance structure with a senior responsible owner and clear responsibilities and accountabilities. An issues log and a risk management log were part of the everyday process.

One key point in the implementation process was the decision in the summer of 2004, following a Gateway Review, to delay the go Uve date. There were previously agreed criteria, evidence based, to assess whether both the system and the business were ready for implementation.

A business assurance group (BAG), drawn from both the business and the project, had been set up for this very purpose. It was a critical part of the change process. Delaying go live was a difficult decision, though the BAG was empowered to take that decision. There was pressure from many quarters (the consortium, some senior management and the programme team) to press ahead.

The OGC Gateway Process examines a programme or project at critical stages in its lifecycle to provide assurance that it can progress successfully to the next stage.

Purposes of the review:

\* Confirm that the business case is robust.

\* Confirm that appropriate expert advice has been obtained as necessary.

\* Establish that the feasibility study has been completed satisfactorily.

\* Ensure that there is internal and external authority, if required, and support for the project.

\* Ensure that the major risks have been identified and outline risk management plans have been developed.

\* Establish that the project is likely to deliver its business goals and that it supports wider business change, where applicable.

\* Confirm that the scope and requirements specifications are realistic, clear and unambiguous.

\* Ensure that the full scale, intended outcomes, ti mesca les and impact of relevant external issues have been considered.

\* Ensure that there are plans for the next stage.

\* Confirm planning assumptions and that the project team can deliver the next stage.

\* Confirm that overarching and internal business and technical strategies have been taken into account.

\* Establish that quality plans for the project and its deliverables are in place.

(Office of Government Commerce, http://www.ogc.gov.uk/)

There were some tensions around this decision, it being an admission that the project wasn't ready. Though there was the potential for some negative consequences in terms of the project and people's perceptions, all agreed with the overarching aims to deliver a successful implementation. It was a dramatic decision to delay the go live, but it was felt that the British Council was a healthy enough and robust enough organization to withstand this.

The programme board took the decision to delay go live but regained the lost time by merging that implementation phase with the next one.

Everyone agreed that the business readiness grid had been an extremely useful tool as it highlighted the extent to which the whole business was ready and the areas in which the change team needed to prepare some more. Generally, though, all managers were somewhat overly optimistic and thought they were more ready than indeed they were.

Although a productivity dip had been planned, the extent of it hadn't been fully predicted. Many affected areas were operating in competitive environments with clear contractual obligations to existing clients and ongoing work projects - the idea of turning inward and putting resource into assisting the change process at the expense of the operational imperatives was not particularly welcomed.

In each area, staff who were acquainted with the changes and had the necessary specialist skills were appointed as 'power users' or FABS coaches to help others familiarize themselves with the new system.

Communication

Communication was seen as a critical success factor, due to the prevailing culture of openness and transparency within the Council and because the change team knew that communication is one of the keys to success. Indeed there is a considerable overlap between what change management is meant to do and the function of a good communication strategy. As early as January 2003 Paul, the Communications Manager, had organized a global 'web chat' on the company intranet to provide a forum for information dissemination and addressing any queries or concerns. Only a few people were needed for die blueprint, design and user testing stages, which lead to the interesting question of 'How do you keep people informed when they don't actually need to do anything?' If you start too early people will feel disinclined to show an interest, or their interest will wane; if you start too late then you run the risk of rumours, gossip and disinformation taking the place of the intended knowledge transfer.

Communication with the trade union continued throughout the design and implementation phases. The management stance was to always be open and always attempt to gain agreement through discussion. Therefore management was generally consultative with a negotiated agreement on how to deal with the various job losses - through redeployment and voluntary redundancy. Given the legal nature of the consultation, though open, it was formal and through HR channels.

At some stages there was criticism that people were consulted but there were no changes as a result of that consultation, which left some wondering why bother with the consultation. This is often a criticism of consultation, and the change team and those consulted needed to be clear what is open for discussion, consultation and consequent change, and what is just information. Additionally, if ideas were taken on board there needed to be a mechanism for letting people know that changes had been made and that they were seen to be made.

During the implementation process a network of 80 FABS coordinators was set up, acting as a formal communication conduit between the programme team and the affected areas. They had a key communications role in being the eyes and ears for the programme team and, having their fingers on the pulse, could be an integral two-way communication channel. It was through them that it became apparent which departments were having difficulties coming on board and therefore highlighted where more communication effort was needed. The coordinators also had a role in ensuring that the relationships between business and project were managed effectively.

The programme team invested heavily in the coordinators and ensured there were monthly meetings, regular updates, teleconferences and workshops.

Training

The programme team didn't see communication as one distinct area and training as another - for example, there's an overlap between communicating something to someone and explaining how to do something.

There were one or two things that were not aligned and the training in some instances missed the mark. Training was seen (after the event) as being too generic. The initial evaluations were positive, but once people had a chance to work on the new system the evaluations dropped.

Training could have been more contextual, and more specific for particular groups. The potential of the new system was hinted at but it was left to individual departments to work out how this might be engineered. There could have been more partnering with the business to understand what was needed. One of the challenges was the level at which to pitch the training - how specific can you get when the imperative is to communicate generally with all staff? Resources didn't allow for bespoke training across the organization and yet it was felt that some training needed to be given before the system went live. As the go live deadline approached there were still changes occurring in what the operators would see when they viewed the system on their PC, so what the operators saw in their training sessions was not what they saw on their screens on day one of go live. This investment in upfront training - for many people there were five days of training- could, perhaps, have been better spread over training and coaching post-implementation.

A further difficulty was the interplay between the outside consultants who knew the system intimately, the staff who knew the British Council workings intimately and the programme team who knew how the original off the shelf system had been tailored to British Council needs. Each group was coming with a different knowledge base and different understanding, and sometimes transfer of knowledge was lost in translation.

The ERP system, although meeting all the criteria from a business and systems perspective, was counter-intuitive and so, in order to acclimatize oneself to the system there was an element of learning by rote. This then had a knock-on effect on the training, because however you designed a familiarization package, unless there was enough resource for tailored training for each section, department and person, there was always going to be a sense of the training not being truly fit for purpose.

Lessons were learnt for the overseas rollout and corporate finance trainers were located in specific departments before the changes were implemented, during the go Uve process. Most important, they stayed on site after go Uve until local managers and staff were capable and confident in operating the system.

Leadership

The leadership style of the key players involved in the change process was characterized by an outwardly calm attitude with a focus on balancing the different aspects and demands of the programme, involving all stakeholders every step of the way, including the consultants' consortium.

At crucial decision points - when to delay implementation or merge two go live dates - they had to hold their nerve and balance the need to be authoritative with the need to be both democratic and affiliative.

The programme manager at times had to focus more on the people than the task; for example, on the morale of his team when getting stuck and getting stick during the immediate post-implementation phase.

Likewise the DDG as senior responsible owner needed to network with all senior and key people. Generally hands-off when it came to project implementation, he was available if there was a need to escalate any concerns. A communication structure was set up between the consortium and the programme board and team to ensure that there was direct and regular contact between the opposite numbers within each organization.

During key points in the change process the SRO took the lead. For example, when assessing business readiness he held meetings with each area of the business to establish, through frank and open discussion, whether or not each area was confident enough to go live.

Leadership throughout the project was variously described as 'firm but responsive' and 'honest but robust'. Getting the appropriate style for the different situations within the change cycle was important. Before the go live decision was made the DDG had one-to-ones with all the managers to ascertain whether or not their area was ready. This was leadership by asking the difficult questions and demonstrating that a) this was a business critical decision, b) that the line managers were jointly responsible for the decision, and c) there was a collective confidence in going live.

When the organization was facing changes that it had never managed before, an overly directive style would not work. Accessing the shared wisdom of all the key players was crucial. As time went on people became more competent and confident in this change process and were more able to take the lead in their own specific areas.

The Deputy Director General didn't know enough about the intricacies of the ERP system to make individual executive decisions. He built on the consensus within the programme board. Ultimately responsible for decisions, invariably it was always after consultation and reflection. That didn't stop decision making - he recognized that it was better to make a decision and be sensitive to the impact ofthat decision than not make a decision at all.

The leadership style was based on the context, on the level of complexity of the project and the levels of shared knowledge and wisdom. For example the Deputy Director General felt quite able to make decisions based on his widespread knowledge of the security situation in Saudi Arabia without reference to a programme board, whereas the ERP was a different arena.

He also recognized the capacity of people, when in high risk situations, not to accept responsibility for their actions, and as such was keen to instil an ethos of no blame, no retribution within the board and programme team.

Working in partnership

This systems implementation was the British Council's biggest ever commercial contact. The risks were huge if it were to go awry, given the history of failed and costly government IT initiatives. At each level within the organization there was a suitably credible and competent individual to interact with the equivalent manager within the consortium. For example, the Director General met the CEO of the main firm of consultants on a regular basis, the programme team had a good commercial manager who formed a good working relationship with his opposite number, and at least 90 per cent of all issues were easily resolved. There were monthly meetings and all potentially big issues were discussed openly and frankly.

The programme team always had a clear plan of the outcomes they wanted and as a consequence were never browbeaten into agreeing something they later regretted. They were also aware of needing to manage the relationships both with the main consultant and the various sub-contractors.

One of the main areas of potential tension was the differing cultures of the various organizations. For example, from the consultants' side, the British Council was perceived to have a culture of 'consultation about everything at the rate of the slowest' whereas they saw themselves at the opposite end with the project management ethos of one accountable person who would get on and do what they needed to do - make a decision and tell people what it was.

Another tension was the pool of knowledge between the consultants, the programme team and staff throughout the business. There was the need to translate ERP technical language into an understandable form for staff operating an ERP system with their own unique processes.

The dynamic between consultant and client organization is often understandably taut, with in-house people wondering whether the consultants really understand the client organization, and questioning whether the consultants were willing to learn and adapt from the client rather than impose a system on them.

Post-implementation

From the programme teams' point of view go five happened on time and relatively smoothly. It was up and working when it was meant to be and the team felt justifiably satisfied with their achievements.

The major issue on go live was the effect of not having had enough bespoke training. Although users had access to desktop learning support, a central helpdesk and power users to coach and support within each department, the fact that individuals didn't quite know what to do meant that for each seemingly trivial question, the user would not be able to use the system until their query had been answered.

People saw their small part of the process but hadn't really been shown where it fitted into the whole process and so were looking at how to do their bit well rather than leveraging the capability and potential of the whole endto-end process.

Calls to the business support centre (helpdesk) increased dramatically as did requests for assistance to the power users. Both support mechanisms were overloaded for a number of days.

In retrospect it became clear that the power users were the ideal people to have done the training. They were very familiar with the British Council operation, were from the departments and involved from the beginning (from user acceptance and testing). They would know what it was that people needed and also what the system could provide and in what ways.

A few software design faults and systems interface issues emerged. There were also some legacy system problems which hadn't previously been spotted.

A key change management issue was ensuring that the support and assistance post-implementation were available. Investment in the original training could have been reduced and reallocated to either more bespoke training prior to implementation, or coaching and supporting around the time of implementation. For a different sort of change, the logistics might have prevented it (geography, health and safety, time constraints, etc). It was, perhaps something that either the consultants' consortium might have better advised on or the programme team in terms of their research on implementation of similar systems elsewhere.

The prevailing culture and focus on the customer ensured that staff were immensely tolerant and worked hard to achieve their goals during this period - a reflection on the strength of the British Council culture and core values.

The programme team quickly set about looking at remedial action for the support levels and the glitches that had appeared. Monthly monitoring reports led to setting up of specific projects to tackle outstanding issues and a variety of workshops were organized to address the issues.

Stabilization and embedding

The programme office had created stabilization criteria for each part of the process and used a traffic light system to track progress. From the implementers' point of view an important tension then emerged between, on the one hand, the programme team focusing on the next phase - rolling the system out overseas - and on the other addressing the stabilization issues in the UK.

From the users' perspective a tension arose between accepting the new system with limited knowledge and creating 'workarounds' on the one hand and on the other hand gaining the necessary expertise to fully exploit the system.

Business process ownership resided within the business, within the process itself. This idea fitted with ensuring empowerment and indeed ownership where it belonged, but it did require specific responsible managers being appointed and enough resources attached to those roles. As often happens within organizations, managers with a full load of duties and responsibilities are asked to take on the additional responsibilities. Unless the role is reconfigured around the process the role might be either too large or cumbersome, or deflect from giving the process adequate focus.

The programme support office established a set of key performance indicators (KPIs) to have a reasonably objective measure of how things were going and which were used to:

\* decide on areas that needed following up;

\* decide which areas that were a priority for action;

\* illustrate and illuminate where things were going well; and

\* manage expectations of the stakeholders.

Managing expectations helped at this stage in introducing the new system as it addressed the following key questions:

\* Does each part of the system function - yes or no?

\* Are we able to process sufficient volumes at sufficient quality?

\* Are we operating more efficiently than before?

\* Are we demonstrating best practice?

The reviews of KPIs themselves formed the basis of an understanding of what had worked well and what needed to change.

Next steps

The next, overseas rollout, phase is now in full flow with various technical and business functions fused into one business support centre. A global implementation team has been appointed with the necessary technical expertise and a programme management office set up. Training needs have been identified and change teams set up across the regions. A process of consultation and stakeholder involvement has begun. For the overseas rollout, people won't be exposed to anything unfamiliar to the programme team and staff will this time have specific training. So, for example, all the processes are now well documented, there is revised, high quality training material and the 'sandpit' practice, play areas are identical to what users will see on their desktops.

All this in turn feeds into a larger vision for the future of IT within the business - an integration of corporate IT with other business applications into a single commercial management function, perhaps even outsourcing to a leading provider.

Likewise the project itself has gone through a lifecycle for staff as the introduction of the new system with all the resource and attention generated the idea of a 'process is king' mentality. Having come to the foreground it is now subsiding as people start to use the technology and the new processes to deliver better customer service.

County of Aarhus, Denmark

The County of Aarhus is the largest of the 14 counties on which the local government system in Denmark is based. It serves over 600,000 people, employs over 22,000 staff and has a budget of £1.25 billion. Services provided include a complex and comprehensive network of hospitals, schools, institutions for the disabled, housing, the road network, environment and bus system.

In 2004 the County of Aarhus was awarded a prize by the Bertelsmann Stiftung Foundation of Germany for being the most effective public organization in Europe.

The management board has developed an organizational model which has a number of objectives:

\* to generate a common language and a common frame of reference;

\* to create integrated analysis and documentation of endeavour and results;

\* to give a collective description of the County of Aarhus' political goals.

The model has been developed to allow the efficient and effective running of die County with clear direction and accountability from the politicians and translated into meaningful objectives for the management to operationalize.

The outcome of an enhanced reputation should produce positive answers to the following questions:

\* Is the County known for providing high quality services?

\* Is it financially well run?

\* Are the employees satisfied with what they deliver and how they are managed?

\* Is the County's infrastructure and environment well looked after and attended to?

There is a rolling review of the effect of the County's services and therefore on the services themselves. Consequently the organization is reviewed and die deployment of resources across its divisions and geography.

The model is underpinned by the County's five fundamental values which in turn contribute to the maintenance and development of an enabling culture in which staff work and deliver the services. The county's five values are:

1. Dialogue.

2. Openness.

3. Respect.

4. Willingness to develop.

5. Commitment.

In any organizational change there is reference back to this set of values to ensure the changes are being managed properly.

Dialogue. Expressed as a willingness to enter into fruitful dialogues with citizens, end users, employees and other partners and stakeholders

Openness. Expressed by the development of a transparent process of decision making whilst holding client confidentiality as sacrosanct.

Respect. An important focus for all interactions is the aim to understand and respect users' needs and desires and maintain an equity and equality of service. This is also demonstrated by the valuing and capitalizing positively on the difference and diversity found in the community and the workforce.

Willingness to develop. Developing the ability to adapt and improve services to better meet the needs of the user goes hand-in-hand with the need to develop the capacity and capability of the organization and its human resources.

Commitment. Staff are recruited for their professionalism, skills and their commitment to their work and there is a requirement on staff to take responsibility to carry out their work to the best of their ability.

A further value of Credibility was added in 2004 which was concerned with ensuring that statements and actions would be believed and build confidence and provide quality to the customer.

At the beginning of 2002, as part of the rolling review looking at service improvements, it was decided to restructure the psychiatric service in the County, merging local and social facilities with the hospital services. The final decision about this change was a political one, though the pre-planning had been worked on by managers for a couple of years. This work was headed by die Directory of Psychiatry in the County of Aarhus, assisted by a group of consultants.

Jørgen's organizational development unit was called in to help facilitate the restructuring in one of the four general psychiatric units of the County. In effect a new organization was created. In this unit there were 300 employees, a top team of four reducing to three and a management population of 25.

As you might imagine in an environment providing psychiatric services, second only to the care and treatment of patients, the health and well-being of staff are a prime concern. Any change within the organization can be quite disturbing for clients. This then creates additional stresses on the staff providing the service. In turn the management population have to manage the changes and support staff through the changes.

Jørgen's task was to work with the management group to create and move everyone into the new organization. He called this stage of the development process the 'founding and grounding of the new organization'.

The idea was to work with the top team to develop new organizational mission, vision, strategies and values. The mission is to ensure psychiatric treatment to the population of the region, and the vision translates as: everyone who needs psychiatric treatment, from whatever the sector - social, local or hospital - is assured of a high level of professional care which is given in a coherent and integrated fashion.

The process was started with a two-day workshop which adopted a slightly different approach than some more conventional interventions. The accent was on developing dialogue, understanding and insight. As J0rgen described it:

dialogue means to discuss with the intention to implement. That is, a situation or problem exists which demands new ideas in order to proceed. . . ideas, attitudes and opinions are exchanged, and a common insight arises... a common space is established in which everyone can participate without consideration of organizational position, professional or scientific experience.

Martin Buber used the term 'dialogue' to 'describe a mode of exchange among human beings in which there is a true turning to one another, and a full appreciation of another not as an object in a social function, but as a genuine being'.

Physicist David Bohm saw that:

Dialogue would kindle a new mode of paying attention, to perceive. . . the assumptions taken for granted, the polarization of opinions, the rules for acceptable and unacceptable conversation, and the methods for managing differences. . . the group would have to learn to watch or experience its own tacit processes in action. Dialogue's purpose. . . would be to create a setting where conscious collective mindfulness could be maintained.

(Senge, P et al, 1 999)

In addition, over a six-month period there were monthly facilitated meetings with the three senior managers. The outcomes from this process were a well defined vision, mission and strategy to lead the unit into the future. This was underpinned by the adoption of a set of values which were aligned with and also informed the corporate values.

In this approach there are two crucial underlying assumptions. The first is open systems. The organizational system that the managers and staff found themselves in cannot be taken in isolation. Every system is to some degree connected to other systems. These systems are therefore in some ways interrelated, in some dependent, in some influencing - always therefore having an impact. The change agents themselves were also part of this wider system.

The second is the unconscious. In J0rgen's words again:

we have an assumption that human beings have thoughts, ideas, fantasies, emotions, reactions, actions, and many other things, which are both rational and irrational. As individuals we do not always act consciously or rationally. Our actions are controlled also by the unconscious and irrational, values and valencies... and unconscious actions can though, to some extent, be investigated. Groups and organizations are the result of the conscious and unconscious actions of human beings.

Of course the idea of open systems and the unconscious, if true in this setting, is also true in all organizational settings. However, in Aarhus this was deepened by the knowledge that the decisions made by the management would not only be affecting staff but would clearly be affecting the end user, the psychiatric patients, with their myriad vulnerabilities and anxieties. This in turn would impact on staff and management who are required to create an environment 'good enough' to allow the healing process to take place.

Organizing in the units - development of leadership (2003-4)

Having put down the foundations of the new direction the task was now to create an organizational structure that would be 'fit for purpose' - the purpose of delivering the new strategy. The two key elements here were to develop a workable formal organizational structure, and to ensure that the structure was supported by the necessary Unes of two-way communication, which in turn were based on a common understanding of roles and responsibilities and a healthy engagement vertically, horizontally and externally within the new structure.

So, working with the management group, jørgen and his change team planned further developmental interventions focusing on the leadership, the organization and collaboration across the organization. In parallel managers reflected upon, discussed and planned their own personal development needs.

A two-day working seminar for all 30 or so leaders was arranged with the primary task of establishing the necessary structures, communication and information protocols, and formulating leadership development activities. This was once again based upon a working model of iteration between dialogue, construction (or application) and reflection. The working seminar was designed in a way that made it possible to work on this double task: formulating drafts and ideas to make the organization more effective while simultaneously investigating and interpreting attitudes and values among the leaders present at the seminar.

The following year saw a period when both the structure and the people within it 'settled' in. There were new jobs, new roles and responsibilities and different reporting structures. There was cross-disciplinary working and collaboration - something that had not been a particularly common feature before. Issues were surfaced and dealt with in a number of ways: regular leadership meetings; supervision/coaching sessions for individual managers; and a programme of leadership development activities.

Further development of leadership (2004-5)

Interestingly, although both the structure and staff interactions were proceeding relatively well, there was a shared feeling that something was missing in the system. It was something that was not particularly obvious, that is, not conspicuous by its absence, but something that, on reflection wasn't there.

There was quite some thought given to and dialogue around this. It was acknowledged that there had been different speeds of development of both the new service structures and the managers themselves. There had also been different levels of engagement - or 'buy-in' - to the process of change, and there had been tensions between those in professional roles and those in managerial or leadership roles. These tensions were also a challenge within some individuals themselves. How much focus do I have on the professional, specialist part of my job and how much focus do I have on the managerial, leadership part of my job? At the same time managers had stepped into their roles perhaps as traditional leaders, or leaders with a traditional notion of leadership. Through continued reflection and dialogue what became apparent was that within the new structure there needed to be the notion of shared joint leadership.

Again a two-day working seminar was run with the theme of shared joint leadership, and with a double task as in the former working seminar. In the local psychiatric units there were instances where two leaders would have a real responsibility for a department or work area. Across the organization as a whole there was the need to establish a common understanding of leadership and enact it. You could call this 'strategic leadership', but it was more than that. In the example of the individual who had tensions between his or her professional role and his or her operational (hierarchical) leadership role, there is the added dimension of what responsibilities that individual has for managing and leading across the organization as a whole and what responsibilities for co-creating the future direction of the organization. Typical questions arising were:

\* How do two people take shared leadership for an area of work, or more likely an agreed organizational objective?

\* How do they agree on systems, policies and processes across the organization whilst being an advocate for their own areas?

\* How do they allocate scarce resources equitably across the organization whilst arguing for more for their own areas?

\* How do they spot and transfer best practice across the organization?

\* How do they create an enabling environment where shared joint leadership can become a living reality?

The structure of the working seminar was designed in some ways to simulate, mirror or replicate the organization in the minds of the participants. Consequently the very issues that the management group were grappling with in Aarhus emerged within the workshop setting itself. These issues could then be confronted in the here and now - issues related to leadership, shared understanding, relationships, communication, and the like. Indeed the stated aim of the workshop was:

Starting from the existing organization of management, the primary task is to investigate, develop, discuss and formulate activities, which aim at developing and making more efficient the leadership in the units, through the implementation and utilization of shared joint leadership.

All participants were asked to use the workshop as an opportunity to fully experience the organization (temporary though it might be), reflect, engage in dialogue, collaborate, learn and construct appropriate actions. The imperative involved:

Listening to other participants' experiences and opening both these and their own experiences to investigation, in order to try to understand why things happen as they do. The individual must himself, or herself, decide how many of these experiences to open to investigation, by the way the individual decides to manage his or her role.

New Challenges, 2005-06

So, following the laying of the foundations of the new organization (in terms of its vision, mission, values and strategy) Aarhus spent a considerable time organizing the way that that should be done. This time was well spent. It afforded the agents of change the time and the space to set a course while organizing and orientating themselves and their staff. They highlighted the areas of tension, spotting the examples of best practice and continuously monitored the organization as it emerged.

The day-to-day reflections were supplemented by frequent leadership supervision and coaching sessions and the regular workshops or working seminars, which created an environment where both task and process could be confronted in the spirit of trust, openness and a willingness to collaboratively tackle issues which got in the way of the organization fulfilling its purpose for the people of Aarhus. This period amongst other things was one of 'grounding' or embedding the changes and the way of working together. At the same time of course, there were further changes made and even more radical ones were on the horizon.

At the time of going to press a new challenge has emerged. From 1 January 2007 following a governmental review there will be a wholesale restructuring of public services generally in Denmark, consequently breaking up the current organization, established in 2002. The 14 counties will be reorganized into five large regions.

The County of Aarhus will merge with two other counties, precipitating the biggest change in history of the public sector in Denmark. The recently planned workshop has therefore to take this on board and ask some searching questions:

\* What do the managers feel about this and how are they going to react?

\* How will they factor in these new changes into their other strategies or will these new changes supersede all that's gone before?

\* How will they manage the current changes, prepare for the new changes and still focus on the patients and the delivery of services to the patients?

\* How might they support, enable, motivate and sustain staff throughout this coming period?

Figure 3.5 summarizes the changes during the period 2002-06.

Leadership

We can look at different types of leadership through this change - the three senior managers and the role of the change agent. The three managers were quite different personality types with a consequential variation in leadership styles. One was a quiet thinking type of person who had quite a few ideas but also always allowed time for reflection before a decision. The second also thought things through but was more outgoing and translated ideas into creative possibilities. Interaction with others was important for him as through his questioning approach he was able to discover new avenues of thought and action. To complement the first two, the third manager was much more focused on the here and now, had an eye for detail and required proper ways of doing things. Rules-driven might be one description; another would be attention to the quality of the process and the procedures. He had a handle on the resources and allocation of those resources.

The internal consultants/change agents applied their model of organizational change quite strictly early on, to allow participants to, a) familiarize themselves with the process, and b) to ensure that everyone felt 'safe enough' to be able to enter fully into the realm of dialogue. Once trust had been established such rigid boundaries were, to a degree, softened.

The consultants on their part, as interveners in the system, inevitably picked up emotions from different people and groupings within the system. As part of their working practice the team underwent its own supervision in which it in turn could reflect upon their experiences, enter into dialogue with one another, and further ideas for action could be generated and then fed back into the system.

Key features of this approach

Key features of the approach adopted by J0rgen and his team were:

\* Always have the end user in mind, and refer back to them when deciding on what changes to make.

\* Hold the organizational values in mind and refer to them as a 'touchstone' in both what you do and how you do it.

\* Address both the task issues (project implementation) and the process issues (the group/team dynamic) as an imperative.

\* Entering into real dialogue with key stakeholders takes longer but ultimately enhances the chances of successful outcomes.

\* Taking the time upfront to create a 'facilitating environment' that will enable you to allow tensions and potential conflicts to be raised and addressed reduces the possibility of those conflicts being 'acted out' negatively during the change process itself.

\* Creating dialogue means everyone's voice is heard, thus increasing the possibility of 'buy-in' and engagement in the change process.

\* Having complementary leadership styles in the top team creates a broader spectrum of leadership capability.

\* Providing coaching, supervision and development for the management population - linked to strategic objectives and operational realities - enhances management capability and provides emotional support (and challenge) during times of change.

\* Creating the time and space for the change team itself to address (ie, confront and work through) the 'emotional baggage' they may have picked up during the change process.

Jørgen j0rgensen was the organizational consultant working on this change. He can be contacted viajj@udd.aaa.dk.

The kitchenware company

It was almost 15 years ago when Dennis and Nick, two young sales executives, were chatting together as they were driving to see one of their clients. The topic was careers and what they really wanted to do with their lives. Like many people they dreamt of running their own business. But unlike most people they held onto their vision and commitment and drive over many years to make it a reality.

From that initial conversation, it took another seven years for them to refine their vision, decide on the nature of their business, spot their opportunity and get the finances agreed and then to step into their new lives.

They were kindred spirits, with a mutual affinity for sales, and they alighted on the fast-moving homeware business as the one where they had knowledge, competence and skills enough to make an impact.

During this gestation period they set about acquiring more skills and contacts in their chosen field and also putting money away to finance their potential loss of earnings through the period of transition. Nick was working as a sales director in the homeware industry for a household name. Although extremely successful he was frustrated at being constrained in his ability to shape the future of the brand and the business. He was the guardian of the brand - getting customers to accept what the brand was like, not taking feedback from the customer to improve the product and the brand. That was decided not by customers, not by employees, but by the senior management. Dennis was in a similar position, again in the UK homeware industry.

They bought a very small company where they had a remit for sales but subcontracted the existing warehousing and logistics to a long established company. Dennis took over the running of this operation whilst Nick continued in his employment for a further year. The business grew to a £1 million turnover and they decided to separate from the warehousing company. However, the larger company's owner wanted to sell his company to them.

They approached the acquisition with optimism and although their research suggested this was a viable company, they based their decision more on a sense of their own competence, their knowledge of the market and their abilities in sales, marketing and managing a sales force. The acquisition was completed with the managing director of the homeware company taking a one-third stake.

The company turned out to be more problematic than they first thought. It had poor quality products, a large slow-shifting stock, a sales force and a strategy that targeted wholesale outlets rather than key retailers, and the warehouse itself was 200 kilometres away from the head office. They had a small number of key customers and the majority of their purchases from the Far East were paid in US dollars. The economic environment had been relatively stable for the previous five years and there were no indications of a downturn. The company was purchased. The deal was financed by their borrowing £1.5 million to refinance the business and agreeing a scheduled purchase of all shares owned by the previous management over a period of 10 years. With more attention to detail and less of a gung-ho attitude they probably could have negotiated a better finance deal.

Drivers for change

In the first 12 months, four of the company's main clients were lost - two accelerated their pre-existing, but unbeknown, plans to withdraw, one went into receivership, one into administration. At the same time the exchange rate for the dollar against the pound moved from around $1.70 down to $1.40. The more the new owners met their customers the more they realized how bad their customer relationships actually were. Fulfilment was perhaps the single highest irritant from their customers' perspective.

Internally they began to realize that the stock that was moving was the stock that was newly bought. There was a considerable amount of old stock which was not being moved at all and hadn't for some considerable time.

It wasn't long before Dennis and Nick realized that the managing director they had inherited was out of his depth. He suffered from a lack of ability to establish meaningful relationships with key customers, an unresponsiveness to market demands and a poor buying and stock management capability. His sales force management skills were also lacking.

Nick went out to meet one of the longer-term customers who had decided to move his business elsewhere. He was met by the owner-manager who's first comment was, 'You're the worst f\*\*\*ing supplier I've ever had. The only reason I'm still with you is your sales agent has always done the best he could, in bloody difficult circumstances.'

Nick, as part of his preparation for the meeting, had visited various outlets and realized that there were a number of lines that were missing. He talked straight: This is unacceptable and we'll do something about it starting today.' The customer stayed with the business and sales have increased six-fold!

Taking the bull by the horns

On entering the business they had decided to take six months to understand it before trying to change it. They agreed that you don't change something until you understand it. One of their two core product ranges was described generally as something that was a little grubby, poorly perceived, and an undervalued secondary brand. For many people this would have been an ideal opportunity to ditch the product and concentrate on the other, higher value brand that they had. Their analysis, after evaluating the product and seeking customer views, was that it could be turned into a cash cow and today it is one of the most widely distributed in the industry, well known and recognized everywhere, 'from wholesalers to Harrods' as Nick likes to put it.

After six months they realized they needed to concentrate on the front end of the business:

1. Marketing became the main focus, developing one product line into a bolder brighter brand. It had exceptional distribution, was quite well known but had appalling packaging. By radically re-branding this they could set their business apart from similar suppliers and make a huge impact on the store shelves. With the second product line a new awardwinning product was launched - a better quality, innovative ergonomie range of kitchen tools, designed to be comfortable and functional for both left- and right-handed users.

2. They extended the spread of distribution by saying 'yes' to anything - whether the customer wanted the company brand, their own brand, or a modification. Their aim was to consolidate the customer base, by understanding all their customer requirements.

3. They shifted the emphasis from predominantly wholesale distribution to include retail.

4. They invested heavily in wooing the buyers from the range of supermarkets and stores just under the main supermarket chains - the buyers, more personable, had greater decision-making power and also were able to respond much quicker. This was a key business decision. The decisionmaking process for the larger players was often cumbersome and drawn out. With the many smaller players there was immediacy in the contact and both parties could agree to tailor their needs and responsibilities according to what the relationship demanded.

Whilst developing a number of strategies to make this happen they also had to address some other key issues within the organization.

The sales force were suspicious of the new owners who wanted a new sales process quickly implemented. As Sales and Marketing Director, Nick actively set about upgrading the sales aids for the sales force - quality literature was produced (rather than the shabby dog-eared photocopied brochures that they were used to). A national accounts manager was recruited from the industry to manage the key accounts tightly.

The nucleus of back office staff in the HQ were entrenched in their own culture and uncaring of the downtrodden warehouse staff. A tough decision was made - to close down the head office and relocate it in to the warehouse. Those who wanted to move could, but the reality was that a whole new tranche of people would be recruited and subsequently were employed locally. The huge overhead cost of the previous offices stopped; the prevailing culture was disbanded at a stroke; and the warehouse staff felt that something significant was occurring which made them realize the new value that was being put on them. Having been largely ignored for a number of years they had developed into a relatively undisciplined and at times rather disrespectful group. Dennis and Nick from early on had demonstrated that the relationship needed to change. They had moved the HQ there, they showed drive, energy and commitment to the business and also a real interest in the staff and what they were capable of.

This was reinforced the first time Dennis and Nick visited the warehouse. They were met with a whiteboard on the wall which read, 'Problem Customers' and had a large list of customers who wanted something different in terms of product specification, price, delivery or relationship. Rather than fulfilling the different customer needs the warehouse staff saw these needs as problems. Dennis and Nick had the whiteboard removed.

They also created an ethos of promoting from within unless there wasn't the capacity or the capability. The old stock was got rid of- sold at knockdown prices or dumped. It had merely been keeping the warehouse full and using up valuable space.

Leadership

The company strategy was all about getting close to the customer and delivering what they wanted. Their vision became 'Grow our business stronger and better' In Nick they had a front person who was the customer's advocate - committed and passionate about the products and satisfying the needs of the customer.

War stories soon became commonplace as the new owners worked tirelessly on reorientating the company, developing better customer relations and supporting and challenging the sales, warehouse and back office staff. For example, at Europe's biggest trade fair they spent the day and evening wooing customers and suppliers, and galvanizing the sales force and then returning late at night to their hotel rooms to work on the business (or battle) plan. Dennis and Nick's personalities and roles complemented one another. Dennis, very affable and focused on relationship-building dealt primarily with suppliers and with employees. Nick was very focused on the task of engaging with customers and galvanizing the sales force.

Moving forward

Given that they were in a market with lots of competition, low-cost goods and little margin, all the players were relatively indistinguishable with very litde points of difference. They were being squeezed on cost by the supermarkets on one side and price increases on new stock from the other.

Where the company seemed to stand out was through its poor and inconsistent stock fulfilment! The move towards a sales driven/customer needs culture, however, was under way. They relied heavily on their customer feedback, which they actively sought and then responded to wholeheartedly. They invested in the stock that was wanted and gave continuity with guaranteed supply. It wasn't about price, it was about availability.

It took nine months for customers to understand and embrace this approach but over that time customer orders rose 40 per cent and this provided some room to move prices up 17 per cent.

However, there were unintended consequences. With orders starting to flood in there were more and more strains put on the warehousing and procurement staff. Dennis and Nick had put the majority of their efforts into die customer-facing front end. When orders flooded in, the back end collapsed. The sales effort had created real success and orders were climbing month on month. However, the warehouse was falling behind in its fulfilment. Indeed events came to a head and Nick one day dramatically took his whole sales force off the road and brought them into the warehouse to pick orders.

They had inherited a nightmare in the warehouse - there were 36,000 square feet and 2,000 active stock lines but no stock management system. They had tried appointing a stock manager from within but there was no real expertise in the company so they externally recruited a capable operations manager, but it still took 18 months to produce an efficient and effective system.

Taking stock

They had doubled the turnover, increased profitability six-fold, created a stable workforce and were beginning to get a reputation in the industry for fulfilment and customer responsiveness.

They had learnt from initial enthusiasm to be more disciplined, to hold regular strategic reviews and to be extremely responsive to customer needs on the one hand and adding to the product ranges on the other. They needed to be incredibly fleet of foot.

On the product side, although there was a wide range of products which, overall, were selling, there was a real need to improve. They were in a market where it was hard to differentiate one company's offerings from another, and small improvements in terms of product enhancement or new product lines would, at least for a little while, provide an advantage.

Their attentiveness to their customers' needs was matched only by their attentiveness to their suppliers. So not only did they convey what was needed from their customers, they also listened to what the suppliers believed would be good ideas. This listening and engagement led to suppliers, over the course of time, becoming less intransigent and more flexible in their responsiveness.

Stakeholders

Staff were treated as colleagues with an open door policy and ability to contact managers at any time. Significant policy changes were communicated early and discussions were held about significant company issues and any customers needs.

The sales force are involved with setting the sales plan. The plan is agreed using a bottom-up process with all the sales force engaged in agreeing their targets with their managers and the final sales plan is endorsed by them.

Other staff ownership is connected into the customer supply chain developing a teamwork ethic where there is no divide or barriers between sales force, warehouse staff and administration. As one of the staff said, 'It's not just about moving boxes, it's about making our customers feel they've chosen the right company to supply them.'

The small number of private investors are clearly a crucial stakeholder group, with most dealings and the bulk of communication through the major shareholder who heads the group of investors. As Chairman and non-executive director, Paul takes the role as the fulcrum. He is highly credible, financially minded and trusted by both the managers and the other shareholders. Whilst Dennis and Nick take full responsibility for day-to-day operations, the Chairman is fully consulted at critical stages in the yearly cycle. Although primarily 'hands off', the Chairman, as the major investor, is clearly very interested in how the business has been running and was able to identify certain key issues which needed rectifying. The static stock lines were a case in point. He was clear that all that was being done with these lines was they were being housed and heated and dusted from time to time. Whatever their book value they needed to be sold, whatever the price.

Likewise he identified the poor product literature as something which just shouldn't be put up with. Although funds were short the message was clear - invest in new marketing literature and it will repay the investment.

One of the things the Chairman brought was the role-modelling of identifying key business issues, assessing the risk between taking or not taking action, and then making the decision and getting on with it. Business is about taking risks and both Dennis and Nick began to see that it's better to take a qualified risk, make a decision and live with the consequences, rather than letting things continue in a sub-optimal state.

'If you're not growing then you're dying,' Paul would say. Having chosen to invest in the company he was focused on making it profitable in the short term and a viable business in the medium to long term. He worked at arm's length with Dennis and Nick, believing that they were there to manage suppliers, customers and all the operations in between, seeing one of his key roles as being to question and challenge.

Coming from a finance and banking background he was focused on getting a good return on sales and establishing a higher profitability relatively quickly. That did not necessarily mean increasing sales, but stabilizing them whilst developing excellent customer relationships and good products, and ensuring that operations were cost-effective. Working on the business plan with Dennis and Nick they decided on a few key performance indicators, set realistic but stretching targets, and then established good monitoring processes.

Paul wanted to 'give the work back to the people' - enabling them to do the job they're best at, matching people and their skills to the roles critical for business success. He played to people's strengths by giving them the leeway and headroom to get on with the job whilst mitigating their weaknesses by getting others to take on those aspects of the job.

Paul's entrepreneurial style was encapsulated by the desire to make decisions, take action, review progress and, if necessary, take remedial action. Although reviews and reflection were built into the process, Paul believed that the company needed to capitalize on opportunities when they came along. Mistakes were perhaps inevitable, but if you create an open culture and if everyone learns from the mistakes then this will lead to better performance.

Paul believed more in evolutionary change than coming in to a business and causing maximum upheaval and distress. Focusing on performance, reducing blockages, those people who felt they had a contribution to make would stay and they would contribute; those who didn't fit the culture would leave.

Paul also believed in more emergent change rather than overly planned change. Yes, there was a business plan, which was monitored and questions asked if there were deviations. But there was also a culture established which sought opportunities when they arose. The failure of a competing business led the very same day to establishing contact to buy them out.

Paul was concerned to maintain the momentum for growth within the company, whilst at the same time not wishing to lose the entrepreneurial culture that Dennis and Nick had established. One of the ways that this was maintained was by having the organizational infrastructure lag somewhat behind the sales - as demonstrated by probably employing n-1 people rather n+ 1 when ? is the current level required in an expanding situation.

Many customers, employees and suppliers through the changes have required deliberate focus and energy. Changes to product, product Unes, structures within the company, acquisition of other companies, taking on other companies' accounts, all impact on stakeholders' perceptions, create instability and can generate anxiety. Dennis and Nick seek to engage customers and suppliers alike in these changes through a combination of nurturing the relationships and straight talking.

Next steps

The strategy continues to work well, with customer orders continuing to grow. The UK kitchenware market, however, is declining so standing still is not an option. They need to grow organically or through acquisition, and this growth can be through existing or new products. They had demonstrated they could grow organically through greater customer relationship management and fulfilment; they had responded to customers' needs and suppliers' ideas and enhanced the brands and developed the product range. They were also alert to their competitors and the possibility of acquisition as and when they fell on hard times.

In the last 20 months they have made two acquisitions of companies with similar product, low-value, high-volume profiles covering similar accounts. The advantages to the customer was having to deal with a smaller number of suppliers, the advantage to them was a greater product range, new ongoing accounts and expanded existing accounts. The company has itself attracted die attention of a larger European company keen on expanding into the UK market. The challenge for Dennis and Nick is how to embed the current success into a sustainable growing business.

Indeed there are challenging plans for expansion by doubling turnover to £25 million over the next three years. One of the ways to achieve this will be to establish more product lines. Given this in itself can take up to three years to become profitable, they are currently investigating partnering with a large Dutch firm with whom there is a strategic fit. The Dutch have the product lines already established, and they have the territory covered in the UK.

However, as the company grows there is probably the need for more formal training and development, more formal soft management skills and perhaps more attention paid to sustaining an entrepreneurial culture. Such a large expansion will require different skills and capabilities across the organization; issues both of organizational capacity and capability will have to be addressed.

The primary school

This particular case looks at a small primary school in the South West UK. Situated in a rural community, it has 150 pupils between the ages of 4 and 11, with 26 full- and part-time staff of whom 8 are teachers.

In 2001 a new headteacher was appointed. The previous head had moved the school from one that had been in decline to one which the Government Inspection Agency (Ofsted) had described as 'satisfactory'.

Ofsted Scale

Very Good

Good

Satisfactory

Unsatisfactory

(http: //www. ofsted . gov ? k/)

Nicky, the new headteacher, inherited a school that had somehow plateaued and was now facing a number of challenges:

\* the previous head had been in post for 10 years and was suffering declining health;

\* the chair of governors had also been there for many years and was himself approaching retirement;

\* the governing body had traditionally looked to these two figures for direction;

\* a further Ofsted inspection was looming;

\* the school's financial situation was tight but manageable;

\* the school itself was overcrowded and was a classic mixture of an outdated Victorian building and a number of 'temporary' Portakabins which had been there for several years, together with outside lavatories for the pupils; and

\* the school could be characterized by falling morale and a rather controlling and dependent prevailing culture.

On the positive side, as a result of a principally parent-led campaign, the school had secured new premises and the children and staff were due to move into the new building in September that year.

Although Nicky had previously worked at the school some years before, this was her first job as a headteacher. She saw her immediate tasks were to:

\* familiarize herself with pupils, teaching and non-teaching staff;

\* manage the day-to-day duties of being a head;

\* begin to think about the current health of the organization; and

\* prepare for the wholesale move to new premises.

Nicky realized that there had been quite a lot of management - very often micro-management - at the school but very little leadership. Indeed the only real leadership exhibited had been by the parents' action group in their campaign for securing a new school.

Nicky set in train a number of things that would result in developing a shared vision of the future and also an increase in distributed leadership across the organization. She formed a leadership team consisting of the two senior teachers and herself and she began conversations with each subject head to shift them away from seeing their role as merely ordering mathematics books, for example, to developing a vision and strategy for that particular subject.

She invited all staff and all governors to an initial visioncreation workshop where they focused on different aspects of what the school could be. This was the beginning of a process that gradually became more and more familiar to the participants. Initially starting off with perhaps an air of cynicism and certainly a feeling that they would prefer the head to set the direction, participants soon realized that they had a genuine stake in the future of the school and the creation of a specific future for the school.

Her rationale for developing a vision was:

\* that the process itself was inclusive and might engage many of the very people she needed to rely upon;

\* it would highlight both the areas of agreement and those areas where there was some tension;

\* it would bring people together around a common purpose;

\* it would 'start the ball rolling' by creating some momentum and hopefully some re motivation;

\* it would create the backdrop for developing a coherent strategy and agreement on choice of priorities given scarce resources; and

\* it would allow all the school's stakeholders to see themselves and their interests represented.

Of course many of the outcomes of the process would be dependent on, a) the visioning process itself, and b) the components of the vision. The process modelled one of the school's core values, which was to generate the spirit of collaborative inquiry. The components that were generated covered all aspects of the school's work and life.

At this early stage Nicky had already involved the pupils. Although aged just 4 to 1 1 years old, they were asked their views on what sort of school they would like.

Children who...

Are happy Are sensible

Help each other Don't smack or fight

Are kind Are friendly

Help Share

Listen and learn Pray

Teachers who. . .

Explain things well Are kind

Listen Are nice

Help us learn Make work fun

Help you when you're stuck Like you

Work hard

A playground where.. .

There's lots to do Children are careful

There's a big area to play in Children play nicely

Children cooperate There's lots of air

Children chat and shout Children aren't naughty

Children look after each other Children are safe

There are brilliant colours

The final school vision was:

The children in our care will be high achieving, self-confident learners who have respect for themselves and others.

Individual talents, interests and needs will be recognized through the provision of an imaginatively structured curriculum that promotes the allround development of children and prepares them for citizenship in today's world.

Along with the vision creation process the head conducted one-to-one discussions with all staff to understand their current role and also how they saw their role in the future of the school and to share with them how she saw the school's culture developing. It was also an opportunity to have frank discussions as to what is expected of staff in terms of performance, and clarification of what was expected of them and what they could expect from the head in terms of support.

What makes an excellent school?

Children who... Teachers who...

Support staff who. . . Parents who. . .

Governors who. . . A head who. . .

A community which... An environment where...

A Local Education Authority that. . .

The head was perhaps fortunate in needing to appoint teachers to two vacancies so she could demonstrate what sort of co-workers she would like to see employed.

There was also the need to build the relationship with the governing body. Here again there was room for improvement. By this time the Chair had also retired, which allowed for a new, more motivated and energetic person to take over. The Chairs of the relevant sub-committees were also newly appointed and over the coming months it became apparent that the governing structure needed a rethink. Governors reviewed their effectiveness and realized that what they needed was a more streamlined, less bureaucratic body, with the Chairs taking on more responsibilities and the sub-committees being delegated more responsibility and authority. Consequently the number offrili governors meetings could be reduced.

Leadership style

The head's leadership style was very much symbolized by three pictures that had struck her as encapsulating the task ahead: one of a woman having to juggle many things of different shapes and sizes; one of someone trying to get a flock of penguins to move in the same direction; and one of her on a high diving board ready to take the plunge!

These three pictures symbolized to her the need to be very clear about what she was embarking upon (in terms of vision and strategy); to be aware of all the different, and sometimes competing, interests amongst the stakeholders; and to recognize that going through change oneself and leading others through change can be a scary, anxious but exciting experience.

How did she approach this? Initially by constructing a mental roadmap of where she was headed with the process and then by investing time and energy in the individuals and teams that made up the teaching and support staff. Underpinning this was the need to hold onto a sense of the important when crises came and went. This was why it was so important for her to ask herself at regular intervals what the leadership task now was; to differentiate between when she was managing and when she was leading; and to step into an appropriate leadership style for the current situation, whilst not being too distracted from the overarching objectives.

A key aspect of this was forming the leadership team and also for all members of staff not only to take a lead on something but to demonstrably link that into pursuit of the vision and the strategy. So it wasn't just about ordering a new set of geography books but about how to make what was happening across the world relevant for pupils in a way that would engage them, concern them and lead them towards being more able and understanding citizens.

The initial visioning process was more purposefully led by the head and over time this control was gradually relinquished. Staff had a greater say, as did the parents who, through a newly revitalized Parents' Forum, were also included. The pupils were encouraged to set up a School's Council and also become Associate governors'. Of course this wasn't just a way of tapping into the wisdom of the children: it was also a way of promoting ideas of citizenship and representing others in the community. Building on this the school began to see the pupils as researchers - tapping into their ideas and insights as the basis for future curriculum development. For example, the children wanted more time devoted to foreign languages and certain elements of science (astronomy!). It was also from the pupils that the idea of a peer mentoring scheme was set up - children from the higher years were then encouraged to buddy with the younger children on a one-to-one basis, resulting in the younger children being supported academically and emotionally whilst the older children learnt some teaching skills and also how to take on responsibility. As one of the teachers said, 'It's so powerful when you hear a five-yearold speak their mind, tell you what is wrong and what could be different!'

Building capacity involved developing all groups of stakeholders, for example, Pupil Voice (the children's representatives), the leadership team, the development teams and focused parents' working groups.

In terms of the school's wider set of stakeholders - primarily the Local Education Authority and the geographically clustered schools - discussions were had and decisions were made as to what the nature of the relationship should be. Given the school's high standing the Education Authority's attention and budgets were focused on the less well performing schools. This enabled the primary school a certain degree of independence. Likewise, with the cluster group of similar schools it was found that their needs didn't fit with the school's needs. As a result of these two things links were made with a newly funded group of networked schools which were drawn together through their desire to experiment with both an action inquiry approach to learning and a desire to expand the international dimension of the learning environment. This was linked to the UK's National College for School Leadership. Its Leadership Network, launched in 2002, consisted of over 250 heads who were engaged in innovation and reform in their schools and committed to collaborating in stimulating national debate and informing policy development. A key plank of this initiative was determining how schools move forward and had at its core the idea of the head as a researcher.

Culture change

There were a number of shifts intended in the culture. Some were quite well defined earlier on, whilst some developed later as the head and the school became more confident with the changes:

\* From a culture of dependency to one of distributed leadership where the roles and responsibilities of the different stakeholders within the school community were redefined. This process engendered a stronger sense of participation and interest in the development of the school and created the basis for an ongoing model of consultative leadership.

\* From head as heroic leader to head as co-researcher - this provided a model of headteacher as head learner. By engaging in school-based research and enquiry, the headteacher was able to model the behaviours of a reflective and analytical practitioner. This gave rise to rich professional dialogue regarding a strategy for change management and within a short space of time teachers were keen to engage in lines of collaborative enquiry to develop practice in their curriculum subject areas.

\* From curriculum-centred to pupil-centred, moving away from the 'one size fits all' philosophy to understanding the development needs of each pupil.

\* From rural community to citizenship in the world, expanding the number of perspectives with which we can view the world.

Leadership and personality

It was interesting to see the interplay between the head's personality and her leadership style, and it was important for her to assess her strengths, develop her other areas and engage with others to leverage their strengths. Organizationally she:

\* provided insights and design skills for the future;

\* translated and organized ideas into structured action plans;

\* identified and worked to remove obstacles along the way to the stated objectives; and

\* had strong ideas of what the school could become.

Therefore she could lead by making use of these strong ideas and convictions; by enabling the team to define, decide upon and begin to action its strategy; and also keeping the team on course by emphasizing the boundaries.

Her strengths were the ability to drive both herself and others towards their goals; to act strongly and forcefully; to be pretty tough minded (again both with herself and her team); and to be able to step back and conceptualize what was going on and generate new models and ways of working for the whole system.

Of course there were downsides to this way of working. Taken to extremes she could appear unyielding, might work out on her own the 'best way of doing something' and may come across as too task focused and somewhat uncaring of others' contributions and efforts.

A tale of two schools

A windswept evening the lone parent struggles up the dark street to find the school gate closed. She looks at the piece of paper she clutched in her hand. The governors' meeting was open to the parents and it was on tonight. She stood on tiptoe to see over the gate. There was a light on around one side, and she followed the fencing until she found a side entrance, unmarked but unlocked. She headed for the light, entered the building and hear the sound of muffled voices. She paused for iust a moment and summoned up enough courage to knock. A few moments more and a voice says, 'Come in.' She pokes her head around the door and asks if this is the school governors' meeting. A person at the head of the table says, 'Yes it is and who may you be?'

'A parent' she says. ? parent?' is the reply.

A cold Thursday evening two weeks before Christmas, over 60 parents representing a majority of the children at the school gratefullyaccepta warm mulled wine and hot mince pie as they are welcomed into the new school hall. They have come for the annual governors' report - a meeting which the school has to have by law but only used to attract a handful of parents. Now, because of the increased participation and inclusion of parents in setting the direction of the school, people turn up in droves to hear not just what has happened but to have a say in what will happen. Tonight they are also blessed with the presence of the Ofsted inspector who, by special request, has been asked to present his initial findings. They are that:

the School is a highly effective school where pupils achieve very well and have very good attitudes to their learning. The headteacher provides outstanding leadership and the school is well managed. Teachers are very enthusiastic and knowledgeable, and work well as a team. They have very high expectations of what pupils can achieve and give lots of praise to encourage them to do well. The school provides a very rich and varied curriculum, which contributes significantly to the high quality of pupils' education. There are excellent links with parents and no significant issues for improvement.

Conclusion

Nicky saw her role as headteacher as focusing on a number of areas:

\* Making sense of headship.

\* Manageability.

\* Streamlining systems.

\* Clarifying roles and responsibilities.

\* Quality assurance.

\* Development of an 'Excellence model' providing a guiding visionary framework.

She saw her leadership challenge as:

\* Developing leadership.

\* Building capacity.

\* Distributed leadership.

\* Researching informed practice.

\* International learning.

And what it meant for the children:

\* Children valued as stakeholders in the learning process.

\* Student Council.

\* Pupil Voice.

\* Pupils leading their own learning.

\* Personalized learning.

\* Pupils as Associate governors'.

Looking ahead:

\* Futures thinking.

\* Revisiting vision, values and purposes.

\* Embedding consultative processes.

\* Considering 'remodelling'.

\* Working collaboratively.

\* Building capacity for continuous improvement.

Finally, Ofsted reported that the school is:

a highly effective school. Pupils achieve very well and have very good attitudes to their learning, relate extremely well to each other and are very well taught.

The headteacher provides outstanding leadership. The school has made a considerable improvement in the standards it achieves and in the quality of education it provides for its pupils since the last inspection. The school offers very good value for money. . .

...it helps pupils of all abilities to make very good progress and to achieve results that are very high...

...it provides high standards of teaching. Teachers are very enthusiastic and knowledgeable, and work well as a team. They have very high expectations of what pupils can achieve and give lots of praise to encourage them to do well.

The school provides a very rich and varied curriculum, which contributes significantly to the high quality of pupils' education.

The headteacher provides outstanding leadership and the school is very well managed.

There are excellent links with parents.

There are no significant issues for improvement.

The financial services company

This case study takes the form of a review into the effectiveness of an organizational realignment of a medium-sized financial institution. It focuses especially on the leadership role of the top team and the areas for further learning. It specifically highlights the planning, objectives, risks and executive team working prior to the realignment; the task and people processes; the executive team working; and leadership during implementation.

Planning

The top team spent many months planning the realignment. Although the nature of the proposals introduced by the CEO and his deputy varied little from the final structure, all die executive team were involved in testing its validity, and at times forcefully arguing for one way or the other. The executive went through a facilitated process of ensuring the 'integrity' of the structure, assessing the risks and reaching a common understanding of the reasons for the realignment.

The executive also began to look at how the realignment might work in practice through:

\* finalizing the top level structure;

\* clarifying the composition of regulatory committees;

\* drawing out the various decision-making processes; and

\* agreeing a 'high level' split between business units, shared services and group functions.

Although the logic of the structure was understood and accepted, the motivation for supporting or challenging it were never really addressed. The proposed realignment was no doubt a fait accompli and this led to an inevitable demotivation and marginalization of some of the team.

Although the realignment decision-making process was well planned and well implemented, the degree of planning of the actual changes by the executive as a whole did not stand up to the rigours of implementation, as we shall see. Specifically:

\* there was no executive team discussion and agreement on the organization structure one level down;

\* people who could have contributed meaningfully to developing the best structures lower down were excluded;

\* there was not anywhere near the 100 per cent clarity on the split between business units, shared services and group functions;

\* there was no plan to involve the next level down in the process; and

\* there were unrealistic timescales jointly agreed.

Objectives

The proposed vision was that the organization would 'transform itself from a traditional bank into a group of confident, successful and specialist financial services businesses'.

Reasons given to realign in support of this new vision was that it already had started successfully to implement this strategy, for example through a process of diversifying some of its saving and lending functions and through the acquisition of a number of smaller businesses. The increases in the scope, scale and complexity of its activities had led to the need to restructure into a clearly defined group of businesses.

It was envisaged that the new group structure would better enable the bank to achieve its strategic aims in three key ways:

1. The new group structure would facilitate the management of an expanding group of distinctive businesses. It would enable the acquisition and management of a number of separate business units with minimal disruption to other parts of the group.

2. The development of distinctive business units within new group structure would enhance individual business unit competitiveness. This would result from increased focus and commitment from all business unit management and staff to the delivery of the business unit customer propositions and achievement of competitive advantage.

3. In addition to improving the effectiveness of the management of the group business activities, the new group structure would facilitate the effective management by the group CEO of the relationship with its overseas parent and other relevant external relationships (Bank of England, the City, etc).

This was a transition vision - setting out the broad changes that the group was seeking to achieve. Whereas previous visions had the ability to motivate internally and describe a core aspect of customer strategy externally (eg, world class customer satisfaction, world class company) this vision did not seek to do that.

What was important therefore was to ensure that both staff and customers were able to feel included in the primary purpose of the organization. For the business units this might be somewhat easier than the other parts of the organization.

A greater business focus has got to be good for the company.

(Employee)

In terms of the rationale for the realignment the first key point, of facilitating the expanding group of distinctive businesses, was overwhelmingly accepted by managers and staff as sensible and logical. However, there was no mention of the customer in this greater business focus and no articulation of what greater business focus actually meant.

The second key point of increased focus and commitment from all business unit management and staff to the delivery of the business unit customer propositions and achievement of competitive advantage, was to be one of the key indicators of strategic success over the coming months. Comments with varying degrees of frequency had been made that questioned whether there was enough impetus for this to really make an impact on organizational effectiveness and the bottom line.

The third key point of sustained business unit focus required certain behaviours to occur, namely that:

\* the chief operating officer would spend more time with the business units and less time with Group-wide issues;

\* the business units heads would not get involved with overseas parent or Group 'bureaucracy';

\* reporting lines through to the CEO and directors at the centre had been rationalized.

Additionally, the realignment could have addressed the challenges and issues that were not being addressed previously - in terms of, for example, further developing the organization's core competences and overcoming organization dysfunctional behaviours, etc.

Potential risks

The executive also assessed the potential risks in implementing structural change and identified some issues as potential risks in the implementation of die new organizational structure. The risks broadly split into risks inherent in the new structure itself, and risks inherent in the process of change. A subjective assessment, by the executive, of the perceived level of risk was undertaken. (Risks inherent in the new structure are shown in Table 3.1; risks inherent in managing change in Table 3.2.) It was suggested that the organizational structure change management plan should include solutions/contingencies to mitigate all these risks.

All the perceived risks rated at medium to high either materialized or were kept on the 'at risk' register. All require active management of the risk involved.

The one possible exception was the short-term retention of key staff. Due to factors such as individual managerial interventions, the majority of senior management staff were retained. However, there was an ongoing major risk that over the following year the turnover of middle managers and staff would rise as a direct result of the management of these changes.

All the perceived risks rated as low still required attention and management with varying degrees of focus.

Executive team working

Prior to the full planning process the executive commissioned a 'health check' to assess the degree to which they were being effective as a team. Key observations were:

\* There were uncertain priorities.

\* The organization's key indicators of strategic success (KISS) did not drive the agenda.

\* There needed to be greater clarity of purpose and roles.

\* There was confusion as to who was progressing the agenda.

\* Too much time was spent on the trivial.

\* Some felt there was not enough meaningful time together.

\* Collectively the executive was not good at planning.

\* Some cliques were seen to unduly influence decisions.

\* There was not enough of a culture of challenge.

\* There was little mutual support in times of change.

\* There was a need to translate strategy into action.

\* Everyone agreed there was a need to manage change better.

Implementation

The observations and conclusions below are a summary of the one-to-one discussions held with the majority of senior and middle managers during the process of realignment, together with updates from individual directors, focus groups of staff and a further survey of the management population.

The broad conclusion is that the executive collectively failed to manage and lead the realignment process and consequently demonstrated to the organization the way not to manage change and as a result lessened the chances of true transformation. The risks inherent in managing change highlighted above either came true or are likely to be proved true without further positive executive action.

I honestly cannot provide thoughts on any aspect that was well managed. It was the most poorly managed restructure I have ever known!

(A recipient of change)

Clearly, individual directors have sought to fulfil their responsibilities as best they can - collectively they did not manage this.

From a project, ie task perspective, some things were managed well:

\* The process of cascading the restructure from the top down was in theory right.

\* Initial communication to everyone on the strategy, the structure and the rationale.

\* Initially there was documented and formal communication.

\* Initial communication was good, briefings arranged, etc.

\* Updates via the intranet were useful to a point.

From a project perspective some things could have been managed differently:

\* The message that only a few, that is 5 per cent, of people, all managers, would be affected came to be seen either as a deliberate attempt to downplay the traumas ahead or a gross miscalculation of the affect.

\* The timetable supped from day one with no detailed timetable of actions for managers to plan time in their diaries.

\* It soon became clear that the appetite for communication faded once the more senior appointments had been made.

\* There was an unnecessary vacuum whilst all level-one managers were appointed. This took an inordinate length of time, whilst appointments further down were generally rushed through leaving many people without sufficient time to think through their future.

\* The level of work required was never fully scoped, particularly around recruitment - warnings given at the outset regarding target date of 1 April being set before the change workshops were held and the tasks identified were generally ignored.

\* There was a danger that once remaining issues were left to the new business units or the functional areas to resolve they would never get addressed but lost.

\* There clearly wasn't a full scoping of what had to be done before announcing a timetable.

\* There has been a general feeling that there should have been more time available to complete the various stages with more thought about how the detail would work - clear timetable, plan of activities, key milestones, checklist for managers, etc.

\* Once the initial communication was over there was a lull, which should have been replaced by the executive, individually and collectively communicating with staff.

\* There was no contingency planning evident - some departments moved much quicker than others.

\* Some managers believed that there was a lack of compliance with requirements to consult with staff.

I am embarrassed by what has taken place here over the past few months. The loss in productivity of those staff directly affected by the changes must be huge. (A manager)

From a people perspective some things were managed well:

\* Initially there was a high level commitment to communication.

\* Management managed to tell people before the grapevine did.

\* It was recognized that this amount of change needed to be managed into the business whereas in the past it had been less planned.

\* The use of external expertise to assist the organization through the process.

\* Commitment of top management in the early stages of the process and their willingness to commit key people to the programme.

\* After 'the lull', internal communication was comprehensive and at the right frequency, especially the use of the intranet.

\* The initial round of senior appointments divided between being completed quickly with clear and timely communication, and becoming a long drawn out affair that affected structures and appointments lower down.

From a people perspective some things could have been improved:

\* There could have been more involvement and consultation.

\* There should have been more honesty about the likely impact.

\* There should have been a better appreciation of how the changes would feel at grassroots level.

\* There could have been a clearer and consistent set of 'rules' about how structures were formed and who got what jobs; eg some senior managers were consulted, others just issued a structure; some were recruited, some just selected their direct reports.

\* There was the need for more support for those affected at team leader level and below, as their line managers were often not feeling able to offer quality support at a critical time.

\* The process of change management could have started earlier, indeed as soon as the executive decided on its new vision and new structure. The bottleneck in decisions throughout the business fuelled rumours, and as this early period was unmanaged from a communication point of view there was a far greater business impact and people started building up their defences.

\* Overall the recruitment process was far too long and hit morale and productivity.

\* Closed pool arrangements made it difficult for displaced employees to know which roles they could apply for in other parts of the business and which were not yet open to candidates from outside that area.

\* There should have been some checks that line managers were doing what was expected of them in terms of communication, revised structures, job descriptions, proper selection processes, etc.

\* The process for matching people to roles was not followed in each business unit, with appointments made in advance of selection processes and some selection processes failing to happen.

\* There could have been more genuine two-way consultation for a closed period, with no selections made whilst collective consultation took place.

\* There could have been individual consultation to establish employees' real wishes and aspirations rather than those assumed by the line managers.

It was very hard keeping a busy business area running through a very unsettled period when my boss was made redundant and I had to wait over two months to find out what was happening to me personally. I don't think anyone really appreciated the impact this had on individuals in my position either at the time, or longer term.

(Team leader)

Next steps

There are a myriad of tasks and activities that now need to be undertaken and which the executive management team are beginning to address:

\* Remaining implementation actions (eg new budget processes, outstanding appointments) need to be delivered before business as usual issues take over priorities.

\* Training and development of displaced people needs to be in place from now, to up-skill/re-skill employees.

\* Building a sense of identity in those areas where the old identity has gone with a clear direction established as to where the business focus should be, short, medium and long term.

\* A formal learning review amongst senior management, which would include the output from consultation groups of staff at different levels.



**Indexing (document details)**

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